

*This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered. No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*

New Issues

# Maclean-Hunter Cable TV Limited

**\$7,500,000 9% Sinking Fund Debentures Series A due January 30, 1980**

and

**375,000 Common Shares**

(with a par value of \$1 each)

**Offered in Units each consisting of a \$1,000 Debenture and 50 Common Shares**

**230,000 7% Cumulative Redeemable First Preference Shares Series A**

(with a par value of \$20 each)

and

**230,000 Common Shares**

(with a par value of \$1 each)

**Offered in Units each consisting of 1 Preference Share and 1 Common Share**

	Prices to Public	Underwriters' Discount or Commission	Proceeds to the Company (2)
<b>Units of Debentures and Common Shares:</b>			
Per Unit .....	\$1,200.00 (1)	\$47.50	\$1,152.50 (1)
Total .....	\$9,000,000 (1)	\$356,250	\$8,643,750 (1)
<b>Units of Preference and Common Shares:</b>			
Per Unit .....	\$24.00	\$0.95	\$23.05
Total .....	\$5,520,000	\$218,500	\$5,301,500
<b>Aggregate Total .....</b>	<b>\$14,520,000 (1)</b>	<b>\$574,750</b>	<b>\$13,945,250 (1)</b>

(1) Plus accrued interest, if any, on the Debentures from January 30, 1970.

(2) Before deduction of expenses of issue estimated at \$100,000.

**The securities offered hereby may be considered speculative.**

Applications have been made to list the Units consisting of Preference Shares and Common Shares on the Toronto and Montreal Stock Exchanges. Acceptance of the listings will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days. Upon the Units being split, the Preference Shares may be and the Common Shares will be listed on such Exchanges.

We, as principals, offer these securities in Units if, as and when issued by the Company and accepted by us, subject to prior sale and subject to the right to reject any application in whole or in part and to withdraw this offer at any time without prior notice. It is expected that Debentures in interim fully registered form representing \$7,500,000 principal amount of Debentures and 187,500 Common Shares and Common Share certificates in interim form representing the remaining 187,500 Common Shares comprising the Units of Debentures and Common Shares, and Preference Share certificates in interim form representing the 230,000 Units of Preference and Common Shares will be available for delivery on or about January 30, 1970. Except for 187,500 of the Common Shares forming part of the Units of Debentures and Common Shares, each Unit will be transferable only as such and not separately until July 30, 1970 or such earlier date as the Company may designate on not less than fourteen days' notice to the registered holders of all like Units.

**Wood Gundy Securities Limited**

Offices in 21 principal Canadian cities, London and New York

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GUNDY**

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## PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The attention of purchasers in the Provinces of Alberta, Saskatchewan, Manitoba and Ontario of any of the securities offered by this prospectus which are offered in such Provinces is drawn to certain statutory provisions which permit such purchasers in certain events and subject to certain conditions

- (a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the final prospectus or amended final prospectus is received or deemed to be received by the purchaser or his agent; and
- (b) to rescind the agreement of purchase by institution of legal proceedings within ninety days from the date of receipt or deemed receipt of the final prospectus or an amended final prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of such provisions is contained in Sections 63 and 64 of The Securities Act, 1967 (Alberta), of The Securities Act, 1968 (Manitoba) and of The Securities Act, 1966 (Ontario) and in Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan).

The attention of purchasers in the Province of British Columbia of any of the securities offered by this prospectus which are offered in such Province is drawn to Sections 61 and 62 of the Securities Act, 1967 (British Columbia) which provide in effect that, where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports, as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within sixty days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice; and
- (b) a purchaser has the right to rescind the agreement of purchase, while still the owner of the security, by institution of legal proceedings within ninety days from the date of receipt or deemed receipt of the final prospectus or an amended final prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

Reference is made to the last mentioned Act for the complete text of the provisions under which the foregoing rights are conferred.

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## THE COMPANY

Maclean-Hunter Cable TV Limited (the "Company") and its two subsidiaries are presently authorized to operate 16 cable television ("Cable TV") systems which serve 20 cities, towns and areas located throughout the southern and central portions of the Province of Ontario, as shown on the accompanying map. The operation of a Cable TV system involves the reception, filtering, amplification and distribution of broadcast television and FM radio signals and the transmission of special information programs to the residences of subscribers by means of a coaxial cable network system.

The Company's head and principal office is located in Metropolitan Toronto at 27 Fasken Drive, Rexdale, Ontario.

## HISTORY OF THE COMPANY

The Company was formed to create a geographically diversified enterprise with centralized management and combined financial resources that could achieve operating economies and serve as a medium for growth in the Canadian Cable TV industry through acquisitions of existing systems and development of new systems.

### Acquisitions

Since its incorporation in April, 1967 the Company has acquired nine Cable TV systems operating in 11 cities, towns or areas in southern and central Ontario and has acquired controlling interests in two companies operating Cable TV systems in three other locations in southern Ontario.

On August 18, 1967 the Company acquired, effective June 1, 1967, all the outstanding shares of South Dale T.V. Cable Limited which owned and operated a small Cable TV system in part of the City of St. Catharines. On November 22, 1967 the Company acquired, effective April 1, 1967, all the outstanding shares of Metronics Corporation Limited which, directly or through two wholly-owned subsidiaries, owned and operated six Cable TV systems in Ontario in the cities, towns or areas of Guelph, Owen Sound-Meaford, Collingwood, Midland-Penetanguishene, Huntsville and North Bay. In addition, Metronics Corporation Limited owned a 33⅓% interest in Huron Cable TV Limited, which increased the Company's interest of 33⅓% purchased earlier in the year to 66⅔%. Huron Cable TV Limited owns and operates two Cable TV systems, one in the City of Sarnia and the other in the Town of Wallaceburg.

On August 12, 1969 the Company acquired, effective January 1, 1969, all the undertaking, property and assets of Community Television Limited consisting of a Cable TV system operating in part of the City of London. On August 25, 1969 the Company acquired, effective August 1, 1969, all the outstanding shares of South Aberdeen Cable T.V. Limited which owned a Cable TV system operating in part of the City of Hamilton. On October 14, 1969 the Company acquired, effective July 1, 1969, 75% of the outstanding shares of Peterborough Cable Television Limited which owns and operates a Cable TV system in the City of Peterborough.

The total net cost to the Company of the above acquisitions was approximately \$7,175,000.

Maclean-Hunter Cable TV Limited, the original company, was incorporated as a private company under the laws of Ontario on April 18, 1967. By letters patent of amalgamation dated November 23, 1967 the original company, which effected the acquisitions in 1967 referred to above, was amalgamated with South Dale T.V. Cable Limited and Metronics Corporation Limited and the latter's two wholly-owned subsidiaries. The company resulting from such amalgamation, which effected the acquisitions in 1969 referred to above, was in turn, by letters patent of amalgamation dated October 1, 1969, amalgamated with South Aberdeen Cable T.V. Limited to form the Company. By supplementary letters patent dated November 18, 1969 the Company was converted to a public company and by those and further supplementary letters patent dated December 16, 1969 its authorized and issued share capital were reconstituted as set forth under the heading "Capitalization".

The term "Company" in this prospectus is used variously to mean the Company and/or its existing subsidiaries, Peterborough Cable Television Limited and Huron Cable TV Limited, and/or its various predecessors, as the context of the narrative permits or requires.



## **Development of New Systems**

By decisions of the Canadian Radio-Television Commission (the "CRTC"), the Company has been granted authority to operate Cable TV systems in a major area of the Borough of Etobicoke located in west Metropolitan Toronto, the Parkdale area of the City of Toronto, the Town of Streetsville and part of the Malton area in the Town of Mississauga, and the whole of the towns of Ajax and Pickering. As a result of these decisions, the Company has been authorized to expand its operations both within the boundaries of Metropolitan Toronto and in the areas immediately east and west of it.

The Company and Kenthom Holdings Limited are jointly applicants to the CRTC for a licence to operate a Cable TV system for the whole of the City of Sudbury. If such application is approved, the Company's interest in this venture would be 25%. There are a number of other applicants for such licence.

## **THE CABLE TV INDUSTRY**

### **Description of a Cable TV System**

A Cable TV system is a facility which receives broadcast television and FM radio signals either off-the-air by means of highly sensitive antennae or by receiving microwave transmission of such signals. In addition, a Cable TV system may originate video and audio programs. The system then processes the signals and distributes them by coaxial cable to the premises of subscribers who pay a fee for the service.

The four principal operating components of a Cable TV system are a signal reception centre (a "head-end facility"), a program origination facility, a distribution network and the connections to the homes of subscribers ("house-drops"). The head-end facility is located on a high point of land or atop a tall structure where the maximum signal from the desired stations is available with minimum electrical and radio frequency interference. Signals are received, filtered, amplified, in some cases combined with signals originated by the Cable TV company and then fed into the distribution network. The distribution network consists of coaxial cables and associated electronic amplifiers used to maintain the signals at adequate levels. This equipment is normally strung on public utility poles, but occasionally some portions of the distribution network may be partially or completely underground. The house-drop delivers the signals carried on the distribution network into the subscriber's premises via a small coaxial cable terminating at the back of the television receiver. Since each signal is carried on the system at a different frequency, the subscriber may tune in any signal by switching the channel selector.

Many Cable TV systems also carry a wide variety of FM radio signals over the same coaxial cable network. These stations may be tuned by the subscriber who has an additional cable connection to his FM radio receiver. The video or audio program origination facility of the system may be located at the head-end facility or at a more convenient location within the distribution area. It may consist of a fully equipped television studio, mobile production facilities or simply an equipment rack capable of injecting audio, filmed or videotaped programs into the network.

### **Growth of the Cable TV Industry**

The Canadian Cable TV industry had its inception in the early 1950's when the concept of apartment house master antenna systems was extended to entire residential communities. These communities were generally located in remote areas where the number and quality of television signals were inadequate by reason of distance, intervening terrain or man-made structures and subscriber motivation was primarily a choice between good reception and little or no television. In more recent years, however, Cable TV systems have been placed in service in metropolitan areas where the shadow and reflection of signals from buildings have created a demand for improved television reception, especially for colour television where high quality reception is essential to the enjoyment of a good colour picture. In addition, the scarcity of broadcast channels and the demand for program variety have further accelerated the demand for Cable TV services.



Although historical growth trends of Cable TV systems in the United States have paralleled those in Canada, the degree of market penetration is greater in Canada despite the fact that the degree of penetration of colour television to date is significantly less in Canada. The following table indicates the relative degree of penetration of Cable TV systems in the United States and Canada:

January 1, 1969	Number of Cable TV Systems	Cable TV Subscribers	TV Households	% of TV Households served by Cable TV
United States	2,260(1)	3,600,000(1)	57,375,000(2)	6.27%
Canada (3)	377	555,000	5,230,000	10.61%

Sources: (1) *CATV & Station Coverage ATLAS*, Television Digest, Inc., U.S.A.

(2) *U.S. Television Ownership Estimates, September 1969*, A. C. Nielsen Company, U.S.A.

(3) Dominion Bureau of Statistics

For 1968, the Dominion Bureau of Statistics reported that Ontario was the leading user of Cable TV services with 244,000 subscribers and that Quebec and British Columbia had 148,000 and 144,000 subscribers respectively. In 1968 there were over 1.6 million potential subscribers in Canada along existing wireline facilities and an additional 1.9 million potential subscribers within the boundary limits of the areas to which Cable TV licences pertained.

The following table indicates the market penetration of television and colour television in the United States, Canada and the Province of Ontario. Statistics for the United States are as at January, 1969 and for Canada and Ontario as at May, 1969, the latest available dates.

	Percentage of Total Households With Television	Percentage of Total Households With	
		Black and White TV	Colour TV
United States (1)	95.0%	63.0%	32.0%
Canada (2)	96.0%	88.0%	8.0%
Ontario (2)	96.9%	86.9%	10.0%

Sources: (1) The United States Department of Commerce, Bureau of the Census

(2) Dominion Bureau of Statistics

In addition to the growing demand for Cable TV service from colour television households, the increasing number of television households with more than one receiver, currently about 23% of television households in Ontario, should account for further growth in the Canadian Cable TV industry.

Although Cable TV systems to date have been utilized largely to increase the number of channels and improve the quality of television reception, potential exists for the coaxial cable to become a major mode of communication into and out of the home. Ultimately, services which might be included are fire and burglary detection, gas, water and electricity meter reading, remote shopping, facsimile transmission of newspapers and magazines, and at-home medical diagnosis such as bedside electrocardiograms.

## OPERATIONS OF THE COMPANY

### Licences

On April 1, 1968 the CRTC was created by the Government of Canada pursuant to the Broadcasting Act. The CRTC is a federal body consisting of 15 members, of whom 5 are full-time, who are responsible for the regulation and supervision of all aspects of the Canadian broadcasting industry including the licensing of Cable TV systems. Prior to the formation of the CRTC, licences for Cable TV systems were issued by the Department of Transport of the Government of Canada on a non-exclusive



basis. However, to date the CRTC has followed the policy of granting authority to only one Cable TV system to serve a given area.

While authority to serve an area may be granted for a period of up to five years, the CRTC has not issued any such authority for a period in excess of two years. The Company's Cable TV systems have been granted individual authority to service their respective areas for two year periods with expiry dates varying from system to system. The Company's management anticipates that licence renewal applications for each of the Company's TV systems will be approved by the CRTC.

The authority granted to the Company to operate each of its Cable TV systems has been granted subject to conditions which will be specified in the formal licences, none of which has yet been physically issued by the CRTC. It is the opinion of the Company's management that the conditions to be contained in the licences, when issued, will have no detrimental effect on its operations.

## **Properties**

The Company's principal physical assets consist of the system components including head-end towers and antennae, electronic receiving and processing equipment, test and research facilities, television cameras, videotape recorders and associated mobile production facilities, trunk, feeder and installation coaxial cables, electronic amplifiers, line equipment, vehicles and miscellaneous equipment and spare parts. As at September 30, 1969 such physical assets had a cost of \$8,298,000 before deducting accumulated depreciation of \$1,345,000.

The Company's head-end facilities consist largely of highly sensitive antennae and sophisticated processing equipment. These reception centres, usually located within 10 miles of the particular distribution area, receive broadcast signals, remove electrical interference, reshape the video and audio components of the signals and feed them into trunk coaxial cables through which they flow into feeder and then house-drop cables. Located approximately every 2,000 feet along the trunk and feeder lines are electronic amplifiers which compensate for the normal drop in level as the signals travel along the cable. Residential "tap-off" units control the signal level delivered from the feeder lines to the subscribers' homes. The Company is establishing facilities at each of its head-end locations for the insertion of locally-originated community programming. These facilities generally consist of a 24-hour weather information unit and a videotape recorder and modulator for playback of tapes recorded in the community by the Company's mobile production units.

Coaxial cables are comprised of a solid copper centre conductor surrounded by air or a plastic insulating material and an outer shield made of copper or aluminum, all enclosed in plastic tubing. To carry the cables, the Company generally enters into joint-use or pole attachment agreements with electric or telephone utilities serving the area, for which a rental is paid to the owner. In the Guelph, Owen Sound-Meaford, Collingwood, Huntsville and Peterborough systems, the Company owns almost all of the trunk and feeder coaxial cables attached to the poles of the local electrical utilities and Ontario Hydro. However, in all other systems Bell Canada owns the trunk and feeder coaxial cables and leases them to the Company after assessing a one-time installation charge. The Company owns the head-end equipment, the program origination equipment and the line amplifiers in all systems and owns and installs all house-drop cables. The Company's Cable TV systems currently utilize approximately 250 miles of trunk cable and 1,700 miles of feeder cable. System construction practices must comply with regulations of the Canadian Standards Association, with municipal electrical and safety codes and with standards set down by the federal Department of Communications.

## **Subscribers**

Sales are generally obtained through a combination of direct-mail advertising and door-to-door canvassing by commission salesmen. Household subscribers pay a fixed monthly service fee which presently varies for new subscribers from \$4.00 to \$5.25 per month depending on the system. Many subscribers request additional outlets for FM receivers or additional television sets at a reduced monthly rate. Commercial subscribers and other multiple connections such as hotels and some apartment buildings are charged at varying rates on a bulk-billing basis.



Connection or installation charges, when they do exist, rarely exceed \$10 and do not constitute an important source of revenue. Subscribers may discontinue the service at any time without penalty, but cancellations for reasons other than subscribers moving away have been insignificant in all the Company's systems. Subscribers may prepay their annual service charge at a discount of about 8% and approximately 25% of the Company's subscribers do pay annually in advance. Subscribers who prefer to pay on a monthly basis receive a 24-month coupon book, eliminating the need for monthly billing, and reminders are sent only to delinquent accounts. The Company's annual bad debt losses have been insignificant over the past five years.

## Employees

The Company employs a total of approximately 220 persons, of whom 130 are technical personnel engaged in the repair and maintenance of plant and equipment and in making subscriber installations, 65 are engaged in general management of the Company and in office and clerical functions and 25 are commission salesmen. The Company has retained in its employ substantially all of the experienced operating personnel of the Cable TV systems which it has acquired. The Company believes that its relations with its employees are good.

## AREAS SERVED

As at September 30, 1969 the Company was licensed to operate 16 Cable TV systems which served 74,581 subscribers. As at that date, there were about 226,900 households within the Company's licensed areas of which 153,186 were already passed by the Company's existing wireline facilities. On September 30, 1969 the Company's systems in Streetsville (part of the Streetsville-Malton system), Etobicoke (west Metropolitan Toronto) and St. Catharines were being wired and the Company's management estimates that more than one-half of such construction had been completed in each instance. Construction in the Town of Pickering (part of the Ajax-Pickering system) and in the Parkdale area of Toronto will commence in early 1970.

System	Date System Started	Channels available off-the-air	Channels on System	As at September 30, 1969		Subscribers (3)	Subscribers as a percentage of Households Passed
				Households in Licensed Area (1)	Households Passed by Cable (2)		
Guelph .....	1952	2 (good)	10	15,900	15,546	10,907	70.2%
Owen Sound-Meaford .....	1957	1 (fair)	7	8,000	7,964	4,352	54.6%
Collingwood .....	1963	1 (good)	9	2,900	2,842	1,978	69.6%
Midland-Penetanguishene ..	1955	1 (good)	9	4,300	4,062	3,680	90.6%
Huntsville .....	1956	1 (fair)	6	1,500	1,484	1,193	80.4%
North Bay .....	1962	3 (good)	8	12,500	12,436	3,436	27.6%
Toronto area:							
Etobicoke .....	1968	6 (fair to good)	9	51,600	23,926	8,980	37.5%
Parkdale .....	—	6 (fair to good)	9	28,400	—	—	—
Streetsville-Malton .....	1969	6 (fair to good)	9	2,300	857	461	53.8%
Ajax-Pickering .....	1968	6 (fair to good)	9	3,800	2,480	1,072	43.2%
St. Catharines .....	1967	6 (fair to good)	11	28,200	15,122	2,189	14.5%
Hamilton .....	1957	6 (fair to good)	8	11,000	11,000	5,619	51.1%
London .....	1952	2 (good)	11	21,400	21,311	13,837	64.9%
Peterborough .....	1956	2 (good)	10	16,200	16,156	11,436	70.8%
Sarnia .....	1967	4 (fair)	10	15,600	15,000	5,214	34.8%
Wallaceburg .....	1969	4 (fair)	10	3,300	3,000	227	7.6%
Totals				226,900	153,186	74,581	48.7%

(1) Company estimates determined largely by actual count.

(2) Company figures based on actual count, except Sarnia and Wallaceburg which are Company estimates only.

(3) There is no commonly accepted industry method for counting subscribers or for accounting for multiple connections including additional sets and bulk sales to multiple dwelling units. Subscribers in the above table reflect the number of individual households, including apartment units, subscribing to the Company's services. While varying rates are charged, the monthly service fee for all of the Company's systems averaged \$4.13 per subscriber for the 9 months ended September 30, 1969.



With the exceptions of Toronto, Hamilton and London, the above Cable TV systems serve or will serve the whole of their respective communities. The Company operates 14 head-end facilities, one of which serves the two licensed areas of Etobicoke and Streetsville-Malton. A new head-end facility may be required for the Parkdale system in Toronto at a cost not to exceed \$50,000.

During 1970 the Company expects to extend its wireline facilities to pass substantially all the 226,900 households referred to above in its presently licensed areas. Additional housing construction will account for an increase in the number of households in the areas served by the Company and the Company also expects to increase market penetration of its service into households presently passed which are not yet subscribers. In addition to the growth and development within existing licensed areas, the Company intends to apply for licences to serve new areas and to acquire existing systems, both of which will be subject to CRTC approval.

## COMPETITION

The principal competition for Cable TV systems is the direct reception of television signals over the potential subscriber's indoor or outside antenna. The number and quality of the signals delivered by the Cable TV system in relation to the number and quality of signals which the subscribers can receive off-the-air generally determine the degree of saturation which the Cable TV system will obtain in any given community. The table on page 8 indicates the number of television signals on each of the Company's systems in relation to the number and quality of signals available off-the-air in the community. Cable TV systems are also in competition to varying degrees with other communications and entertainment media but only to the extent that such other media command the interest or attention of television viewers. As noted under the sub-heading "Growth of the Cable TV Industry", the household penetration of television in Canada is 96.0%.

While the long term possibility of transmission of television programs direct to the home via satellite exists, management is of the opinion that there is little likelihood that satellite transmission will have a detrimental effect on the Cable TV industry in Canada and that it may in fact serve as a possible additional source of programming for local distribution by cable. Management is also of the opinion that coaxial cable will eventually become the primary distribution method for communications within the community.

The Company competes with other Cable TV companies in applications for licences to serve new communities and communities not presently served by Cable TV systems. It has been the practice of the CRTC to grant authority to serve a specific area to only one Cable TV system and management does not anticipate that this policy will change. In response to policies recently recommended by the CRTC, the Company has taken a leading role in the implementation of community programming. The Company's financial resources and the extensive background of key personnel in engineering, administration and marketing of Cable TV services place the Company in a favourable competitive position.

## SHAREHOLDERS AND MANAGEMENT

### Shareholders

The following table sets forth as at December 16, 1969 the number of Common Shares of the Company beneficially owned, directly or indirectly, by those persons or companies owning 10% or more of such shares. All such shares are registered in the names of the beneficial owners except for directors' qualifying shares.

Name and Address	Number (and Percentage) of Common Shares Owned December 16, 1969	Number (and Percentage) of Common Shares to be Owned Following This Financing
Maclean-Hunter Limited, ..... 481 University Avenue, Toronto, Ontario.	1,113,750 shs. (90%)	1,113,750 shs. (60.4%)
F. T. Metcalf, ..... Wyndridge Acres, R.R. No. 2, Puslinch, Ontario.	123,750 shs. (10%)	123,750 shs. (6.7%)

As at December 16, 1969 the directors and senior officers of the Company, as a group, beneficially owned, directly or indirectly, 123,750 Common Shares of the Company which represented 10% of the Common Shares of the Company then outstanding and which will represent 6.7% of the Common Shares of the Company to be outstanding following completion of this financing. As at December 16, 1969, the directors and senior officers of the Company as a group, beneficially owned, directly or indirectly, 4.2% of the Class B participating shares without par value and 1.1% of the common shares without par value of Maclean-Hunter Limited.

Maclean-Hunter Limited has advised the directors of the Company that it has no intention of selling the Common Shares of the Company beneficially owned by it in such manner as will reduce the percentage of such Common Shares beneficially owned by it below 50% so long as any of the Series A Debentures and First Preference Shares Series A offered by this prospectus are outstanding, unless directed or required to do so by the CRTC or other governmental authority having jurisdiction.

### Necessity of Canadian Control

By an Order of the Governor General in Council dated November 20, 1969 the CRTC was directed to issue broadcasting licences only to Canadian citizens or corporations which meet certain criteria. Subject to certain exceptions which do not apply to the Company, the effect of the Order-in-Council is, in summary, to require that any corporation to be licensed must be incorporated under the laws of Canada or a province of Canada, that its chairman or other presiding officer and each of its directors must be Canadian citizens and that at least four-fifths of its issued shares having full voting rights under all circumstances, and shares representing in the aggregate at least four-fifths of its paid up capital, must be beneficially owned by Canadian citizens or by corporations other than corporations that are controlled directly or indirectly by citizens or subjects of a country other than Canada.

The Order-in-Council provides that if the CRTC is of the opinion that any corporation is effectively owned or controlled other than in the manner permitted as above set out such corporation shall be deemed not to be an eligible Canadian corporation to receive a broadcasting licence.

Upon the completion of this financing Maclean-Hunter Limited and the directors of the Company,



all of whom are Canadian citizens, will beneficially own 67.1% of the then outstanding Common Shares of the Company and it is considered that the distribution of the First Preference Shares Series A and of the remainder of the then outstanding Common Shares will be such that the Company will on the completion of this financing be eligible to receive broadcasting licences within the terms of the Order-in-Council. While such eligibility could be terminated by reason of transfers of First Preference Shares Series A or of Common Shares after the completion of this financing it is considered most unlikely that transfers will in fact affect the eligibility of the Company.

### **Maclean-Hunter Limited**

Maclean-Hunter Limited ("Maclean-Hunter") is Canada's leading publisher of national periodicals which include The Financial Post, Maclean's Magazine and Chatelaine, the latter two with French editions. Maclean-Hunter also publishes over 75 trade journals and other business publications in Canada, the United States, the United Kingdom and Europe through wholly-owned subsidiaries and affiliated companies. Other activities include the operation of a commercial printing division, industrial and trade shows, a book publishing department, The Financial Post Corporation Service, The Financial Post Computer Service and a direct mail and press clipping service.

With the broadcasting media displaying an exceptionally high growth rate and increasing their share of overall net advertising revenues, Maclean-Hunter in recent years has moved to expand its interest in this area. Maclean-Hunter's holdings now include a wholly-owned television station in Calgary and wholly-owned radio stations in Toronto, Chatham, Kitchener and Calgary. Through the Company, Maclean-Hunter entered the Cable TV industry in 1967, all as more fully described under the heading "History of the Company".

### **Directors and Officers**

The names and home addresses in full of the directors and officers of the Company, the offices held by each and their principal occupations are as follows:

<b>Name and Address</b>	<b>Office</b>	<b>Principal Occupation</b>
Donald Graham Campbell, ..... 12 Woodmere Court, Islington, Ontario.	Chairman of the Board ..... and Director	Executive Vice-President of Maclean-Hunter Limited.
Frederick Thomas Metcalf, ..... Wyndridge Acres, R.R. No. 2, Puslinch, Ontario.	President and Director ..... General Manager and ..... Director	Senior Officer of the Com- pany. Senior Officer of the Com- pany.
Alan Ross MacGregor, ..... 1840 Bloor Street East, Mississauga, Ontario.	Treasurer and Director ..... Secretary and Director .....	Controller and Treasurer of Maclean-Hunter Limited. Secretary of Maclean-Hunter Limited.
Lorne Robert Clark, ..... 66 Rose Park Drive, Toronto, Ontario.		
William Gill Bailey, ..... 43 Larstone Avenue, Toronto, Ontario.		

All of the above officers and directors have been associated with the companies indicated in the above table for the five preceding years with the exception of Frederick Thomas Metcalf who was President of Metronics Corporation Limited until such company was acquired by the Company in November, 1967, and Alan Ross MacGregor who prior to joining the Company in July, 1967 was self-employed as a Cable TV consultant in Ontario from February, 1967, prior to which he was Vice-President of Daniels and Associates Inc., Colorado from October, 1964 and prior to that time was General Manager of Lakehead Videon Limited, Port Arthur, Ontario from January, 1959.

### **Direct Remuneration and Pension Benefits**

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company for the year ended December 31, 1968 amounted to \$86,000 and for the eleven months ended November 30, 1969 amounted to \$97,150.

The estimated cost to the Company and its subsidiaries of all pension benefits proposed to be paid in the aggregate in the event of retirement at normal retirement age to the directors and senior officers of the Company was \$1,010 and is \$4,000 for the years ended December 31, 1968 and 1969 respectively. The Company's pension plan came into effect June 1, 1968.

### **Interest of Management and Others in Material Transactions**

Under an agreement between the Company and Frederick T. Metcalf dated November 22, 1967 the Company acquired all the outstanding shares of Metronics Corporation Limited for a consideration of \$3,320,276. At the time of such purchase, the assets of Metronics Corporation Limited included, directly or through wholly-owned subsidiaries, six Cable TV systems as referred to under the sub-heading "Acquisitions", a 33⅓% interest in Huron Cable TV Limited, approximately \$1,500,000 in cash and interests in two other Cable TV systems which were subsequently sold for cash. Mr. Metcalf, who is presently a director, the President and a substantial shareholder of the Company, beneficially owned approximately 30% of the outstanding common shares and 14% of the outstanding preference shares of Metronics Corporation Limited.

In 1967 the Company purchased from Maclean-Hunter Limited 33⅓% of the outstanding shares of Huron Cable TV Limited for a consideration of \$20,000. Maclean-Hunter Limited had purchased such shares on April 6, 1967 for a consideration of \$20,000. At the time of such purchase Maclean-Hunter Limited was the beneficial owner of 90% of the outstanding shares of the Company. Maclean-Hunter Limited is presently one of the principal shareholders of the Company as set forth under the sub-heading "Shareholders".

### **Promoters**

Maclean-Hunter Limited and Frederick T. Metcalf took the initiative in founding and organizing the Company and are therefore promoters of the Company within the meaning of applicable securities legislation. Neither of them has received nor are they to receive anything of value from the Company (other than remuneration paid or to be paid to Mr. Metcalf as an officer of the Company in the ordinary course of business and other than the Common Shares of the Company subscribed for by or issued to them as disclosed under the subheading "Prior Sales of Common Shares"), and the Company has not acquired nor does it propose to acquire any assets from either of them except as disclosed under the sub-heading "Interest of Management and Others in Material Transactions".

### **Prior Sales of Common Shares**

On the organization of the Company, 4,000 common shares of the Company, as then constituted, were issued to Maclean-Hunter Limited and Frederick T. Metcalf for an aggregate subscription price of \$100. On November 11, 1969 Maclean-Hunter Limited and Frederick T. Metcalf subscribed for an additional 1,000 common shares of the Company, as then constituted, for an aggregate subscription price of \$1,627,000. Upon the issuance of supplementary letters patent dated November 18, 1969 such 5,000 shares became 1,137,500 Common Shares with a par value of \$1 each in the capital of the Company as now constituted. In addition, following the issuance of such supplementary letters patent, Maclean-Hunter Limited and Frederick T. Metcalf subscribed for an aggregate of 100,000 Common Shares with a par value of \$1 each for an aggregate consideration of \$500,000. All such shares were allotted and issued, as to 90% to Maclean-Hunter Limited and as to 10% to Frederick T. Metcalf, as fully paid and non-assessable.

### **PLAN OF DISTRIBUTION**

Under an agreement dated January 15, 1970 between the Company and Pitfield, Mackay, Ross & Company Limited and Wood Gundy Securities Limited (the "Underwriters"), the Underwriters have severally agreed to purchase, as principals, the \$7,500,000 principal amount of 9% Sinking Fund Debentures Series A, the 230,000 7% Cumulative Redeemable First Preference Shares Series A with a par value of \$20 each and the 605,000 Common Shares with a par value of \$1 each of the Company offered by this prospectus for an aggregate consideration of \$13,945,250. Such Debentures, First Preference Shares Series A and Common Shares will be offered to the public only in Canada by the



Underwriters and other registered investment dealers and brokers in Units as described on the face page hereof. Such aggregate consideration is payable in cash against delivery of the securities offered by this prospectus on or about January 30, 1970 but in any event no later than February 27, 1970.

The agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters are obligated to take up and pay for all of the securities offered by this prospectus if any of such securities are purchased under the agreement.

The purchasers of the Units consisting of a \$1,000 principal amount Series A Debenture and 50 Common Shares will receive a Common Share certificate in interim form representing 25 Common Shares together with a Series A Debenture in interim fully registered form endorsed with a statement to the effect that an additional 25 Common Shares constituting a part of such Unit have been deposited with and are held by National Trust Company, Limited as Depositary, pursuant to a Debenture Deposit Agreement made as of December 15, 1969 between the Company and National Trust Company, Limited. The Debenture Deposit Agreement will provide that within ten business days after July 30, 1970 (or such earlier date as the Company may designate on not less than 14 days' notice to the registered holders of Series A Debentures) the Depositary will mail to each registered holder of a Series A Debenture of record on such date a share certificate in definitive form representing 25 Common Shares for each \$1,000 principal amount of Series A Debentures held. Prior to such date any transfer of a Series A Debenture shall include the interest of the holder in 25 of the related Common Shares for each \$1,000 principal amount of such debenture. The Debenture Deposit Agreement will provide that the beneficial owners of the Common Shares, as their names appear on the debenture registers, will be entitled to receive from the Depositary signed proxies to vote such shares at meetings of shareholders of the Company. Cash dividends at any time paid upon the Common Shares while held by the Depositary pursuant to the Debenture Deposit Agreement will be paid over or made available by the Depositary to the registered holders of the Series A Debentures, according to their respective interests, in such manner as the Depositary and the Company shall determine.

The purchasers of the Units consisting of one First Preference Share Series A and one Common Share will receive Preference Share certificates in interim form endorsed with a statement to the effect that the Common Shares constituting a part of such Units have been deposited with and are held by The Canada Trust Company, as Depositary, pursuant to a Share Deposit Agreement made as of December 15, 1969 between the Company and The Canada Trust Company. The Share Deposit Agreement will provide that within ten business days after July 30, 1970 (or such earlier date as the Company may designate on not less than 14 days' notice to the holders of First Preference Shares Series A) the Depositary will mail to each holder of a First Preference Share Series A of record on such date a share certificate in definitive form representing one Common Share for each First Preference Share Series A held. Prior to such date the Units will be transferable only as Units and any transfer of a First Preference Share Series A shall include the proportionate interest of the holder in the related Common Share. The Share Deposit Agreement will provide that the beneficial owners of the Common Shares, as their names appear on the Preference Share registers, will be entitled to receive from the Depositary signed proxies to vote such shares at meetings of shareholders of the Company. Cash dividends at any time paid upon the Common Shares while held by the Depositary pursuant to the Share Deposit Agreement will be paid over or made available by the Depositary to the holders of the First Preference Shares Series A, according to their respective interests, in such manner as the Depositary and the Company shall determine.

#### **Dilution**

Each of the presently issued and outstanding 1,237,500 Common Shares of the Company has a book value of \$1.90 and after the financing each of the 1,842,500 Common Shares of the Company then issued and outstanding will have a book value of \$2.25. Such book values per share include the excess of the cost of acquiring predecessor businesses over the book value of net assets acquired which, as shown on the Statement of Consolidated Financial Position and Pro Forma Statement of Consolidated Financial Position, was \$5,864,000 or \$4.74 per Common Share before the financing and \$3.18 per Common Share after the financing.

#### **USE OF PROCEEDS**

The estimated net proceeds to the Company from the issue and sale of the securities offered by this prospectus will be \$13,845,250 after payment of expenses of the issue estimated at \$100,000. Such proceeds will be applied to retire interest-bearing loans from Maclean-Hunter Limited (which

as at September 30, 1969 amounted to \$8,160,000 and as at December 16, 1969 amounted to \$10,020,000, which latter amount includes \$1,860,000 paid on the purchase of an operating Cable TV system) and as to the balance to augment working capital, a substantial part of which will be used to complete the wiring of the Company's systems. The interest-bearing loans from Maclean-Hunter Limited were incurred by the Company to finance the acquisitions and the development of new systems referred to under the heading "History of the Company". Such loans were funded from bank borrowings by Maclean-Hunter Limited incurred for the express purpose of providing funds to the Company for such acquisitions and for the development of new systems, which bank borrowings are to be retired by Maclean-Hunter Limited immediately upon completion of this financing.

In addition, the \$500,000 proceeds from the issue and sale of 100,000 Common Shares to Maclean-Hunter Limited and Frederick T. Metcalf referred to under the sub-heading "Prior Sales of Common Shares" has been added to the working capital of the Company.

### CAPITALIZATION

Designation of securities	Authorized at December 16, 1969	Outstanding at September 30, 1969	Outstanding at December 16, 1969	To be outstanding upon completion of the financing
<b>Debt of the Company</b>				
Unsecured loans from Maclean-Hunter Limited .....		\$9,624,000(2)	\$10,020,000	—
9% Sinking Fund Debentures Series A due January 30, 1980 .....	(3)	—	—	\$7,500,000
<b>Minority interest in common shares and retained earnings of consolidated subsidiaries</b>		\$243,000	\$243,000	\$243,000
<b>Capital Stock</b>		\$166,000(1)		
First Preference Shares with a par value of \$20 each, issuable in series .....	750,000 shs. (\$15,000,000)			
7% Cumulative Redeemable First Preference Shares Series A .....		—	—	230,000 shs. (\$4,600,000)
Common Shares with a par value of \$1 each .....	3,000,000 shs.		1,237,500 shs. (\$1,237,500)	1,842,500 shs. (\$1,842,500)
Contributed surplus .....		—	\$892,800	\$2,086,050(4)

- As at September 30, 1969, the authorized capital of the Company consisted of 20,000 5% non-cumulative redeemable non-voting first preference shares with a par value of \$100 each, 16,000 5% non-cumulative redeemable voting second preference shares with a par value of 20¢ each and 5,000 common shares without par value, of which 1,627 of the said first preference shares, 16,000 of the said second preference shares and 4,000 of the said common shares were outstanding for a total paid up capital of \$166,000. The above table gives effect to the issue of supplementary letters patent dated November 18, 1969 and December 16, 1969 reconstituting the authorized and issued capital of the Company and to the matters set out in notes 2 (a), (b), (d) and (e) to the financial statements.
- Reference is made to the heading "Use of Proceeds" for details regarding the repayment of \$8,160,000 of these unsecured loans. The remaining \$1,464,000 was applied in satisfaction of the subscription price of 900 common shares (as constituted prior to the issue of the said supplementary letters patent dated November 18, 1969) issued to Maclean-Hunter Limited.
- Debentures in addition to the Series A Debentures may be issued without limitation as to aggregate principal amount subject to the restrictions to be contained in the Trust Indenture, particulars of which are set forth under the heading "Details of the Series A Debentures".
- Reference is made to note 6 to the financial statements for the calculation of contributed surplus.
- Reference is made to note 9 to the financial statements for certain obligations of the Company under leases.



## DETAILS OF THE SERIES A DEBENTURES

### The Debentures

The \$7,500,000 aggregate principal amount of 9% Sinking Fund Debentures Series A (the "Series A Debentures") offered by this prospectus are to be issued under and secured by a trust indenture (the "Trust Indenture") to be dated as of January 15, 1970 and to be entered into between the Company and National Trust Company, Limited, as trustee (the "Trustee").

*The following summary of the material attributes of the Series A Debentures is not complete and is qualified in its entirety by reference to the Trust Indenture.*

### Principal and Interest

The Series A Debentures will be dated January 30, 1970, will bear interest at the rate of 9% per annum from January 30, 1970 and will mature January 30, 1980. Principal and semi-annual interest (January 30 and July 30) and premium, if any, will be payable in lawful money of Canada at the holder's option at any branch in Canada of the Company's bankers.

### Denominations

The Series A Debentures are to be issued as fully registered debentures in denominations of \$1,000 and authorized multiples thereof and after July 30, 1970 (or such earlier date as the Company may designate on not less than 14 days' notice to the registered holders thereof) also as coupon debentures in the denomination of \$1,000.

### Redemption

The Series A Debentures will be redeemable prior to maturity in whole at any time or in part from time to time at the option of the Company on not less than 30 days' notice, otherwise than for sinking fund purposes, at prices equal to the following percentages of the principal amount thereof (in each case with accrued interest to the date specified for redemption) if redeemed in the 12 months ending January 30 in each of the following years:

1971 .....	109%	1976 .....	104%
1972 .....	108%	1977 .....	103%
1973 .....	107%	1978 .....	102%
1974 .....	106%	1979 .....	101%
1975 .....	105%	1980 .....	100%

The Series A Debentures will be redeemable prior to maturity for sinking fund purposes on not less than 30 days' notice at the principal amount thereof (plus accrued interest to the date specified for redemption).

### Sinking Fund

The Company will covenant in the Trust Indenture to provide a sinking fund for the Series A Debentures and for such purpose the Company will covenant to pay to the Trustee on or before January 30 in each of the following years such amounts as shall then be sufficient to retire the principal amount of the Series A Debentures set opposite each such year:

1971 .....	\$350,000	1976 .....	\$750,000
1972 .....	750,000	1977 .....	750,000
1973 .....	750,000	1978 .....	750,000
1974 .....	750,000	1979 .....	750,000
1975 .....	750,000		

The above sinking fund payments together with the retirement of \$1,150,000 principal amount at maturity will be sufficient to retire the Series A Debentures in full.

The Company will reserve the right to purchase Series A Debentures in the market or by tender or by private contract at any price not exceeding the price at which such Debentures on the date of purchase are redeemable otherwise than for sinking fund purposes (including accrued interest) plus costs of purchase.

The Company will have the right to tender to the Trustee the Series A Debentures so purchased or Series A Debentures redeemed otherwise than for sinking fund purposes in satisfaction, in whole or in part, of its sinking fund obligations, the same to be taken at the principal amount thereof. The Trust

Indenture will provide that the Series A Debentures so purchased or redeemed and surrendered to the Trustee for sinking fund purposes are to be cancelled and not re-issued.

### **Security**

The Series A Debentures will, in the opinion of counsel, be direct obligations of the Company and will rank *pari passu* with and be secured equally and rateably (except as to any sinking fund pertaining exclusively to any particular series) with all other series to be issued and outstanding under the Trust Indenture by a first floating charge under the laws of the Province of Ontario upon the undertaking, property and assets of the Company now owned or hereafter acquired and situate in such Province subject to an exception as to the last day of the term of any lease or agreement therefor. The Trust Indenture will not require registration of the floating charge against real and immovable properties owned by the Company or in which it has an interest. The said floating charge, insofar as it relates to such properties, in the event of the enforcement thereof, will be subject to any interests acquired by third parties in respect of such properties which, by reason of non-registration of such floating charge, may rank prior to such floating charge and to the rights, if any, of prior mortgagees. In addition, the provisions of the Order-in-Council referred to under the sub-heading "Necessity of Canadian Control" would apply in the case of the enforcement of such floating charge.

No calculation of net asset coverage or net tangible asset coverage of the Series A Debentures has been included in this prospectus. In the opinion of the Company, due to the necessity of obtaining approval from the CRTC to any transfer of the Company's licences and because tangible assets of the Company consist substantially of cables, apparatus and materials of limited use in any other business, any such calculation of net asset or net tangible asset coverage could be misleading if taken as a representation of the amounts which might be realized in the event of the enforcement of the floating charge securing the Series A Debentures.

### **Additional Debentures**

The Trust Indenture will contain provisions permitting the issuance from time to time of additional Debentures ("Additional Debentures") thereunder without limitation as to aggregate principal amount, subject as provided under the sub-heading "Special Covenants". The Series A Debentures and any Additional Debentures will rank equally and rateably except as to any sinking fund pertaining exclusively to any particular series and the principal, premium (if any) and interest of and on such Additional Debentures may be payable in such currency or currencies as may be determined by the Company at the time of the issue thereof.

### **Special Covenants**

The Trust Indenture will provide, among other things, that so long as any of the Series A Debentures remain outstanding:

A. The Company will not issue any Additional Debentures or issue or become liable on any other Funded Obligations unless Consolidated Earnings for any period of 12 consecutive calendar months out of the period of 18 calendar months next preceding the date of issue or the date of the Company so becoming liable, as the case may be, shall have been at least equal to 3.5 times the aggregate annual interest requirements on Consolidated Funded Obligations to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be; provided, however, that this Clause A shall not apply to prevent the Company from issuing Additional Debentures up to an aggregate principal amount of \$2,500,000 during the period from January 30, 1970 to January 30, 1973.

B. Neither the Company nor any Subsidiary will mortgage, hypothecate, charge, pledge or otherwise encumber any of its assets to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations other than the Debentures issued under the Trust Indenture (herein called the "Debentures") unless at the same time or prior thereto it shall secure or shall have secured all the Debentures then outstanding equally and rateably with or in priority to such moneys, debts, liabilities, bonds, debentures, notes or other obligations.

C. The Company will not sell or otherwise dispose of any Funded Obligations or shares or other securities of any Subsidiary nor will the Company permit any Subsidiary to issue, sell or otherwise dispose of or to become liable on (except to the Company or to a Subsidiary of which such Subsidiary is a Subsidiary) any Funded Obligations or shares or other securities of such Subsidiary or of any other Subsidiary.



D. No Additional Debentures or other Funded Obligations of the Company will be issued under the Trust Indenture or otherwise having a maturity date prior to January 30, 1980 other than Debentures or other Funded Obligations maturing serially.

E. The aggregate amount payable by way of serial maturities and/or mandatory sinking fund payments (which in the case of a sinking fund payment to retire a specified principal amount shall for the purpose of this Clause E be deemed to be the principal amount so to be retired) in any year in respect of Funded Obligations of any issue of the Company shall not be proportionately greater to the aggregate principal amount issued of Funded Obligations of such issue than the proportion which the mandatory sinking fund payment for the Series A Debentures in such year bears to the aggregate principal amount of the Series A Debentures then outstanding, unless the annual mandatory sinking fund payments in respect of the Series A Debentures are increased proportionately.

F. The Company will not

- (i) declare or pay any dividends (other than in shares of the Company) on any of its shares at any time outstanding; or
- (ii) redeem, reduce, purchase or otherwise pay off any of its shares at any time outstanding (except out of the proceeds of an issue of shares made at any time after February 15, 1970 and prior to or contemporaneously with any such redemption, reduction, purchase or payment off);

except to the extent that Consolidated Net Earnings for any period of 12 consecutive calendar months out of the period of 18 calendar months next preceding the date of such action exceed an amount equal to the aggregate of (a) 2 times the maximum dividend requirements in the fiscal year in which such action is taken on all the First Preference Shares of the Company outstanding at the time such action is taken, and (b) the maximum amount which may be required to be paid during the year ending on January 30 in which such action is taken to meet the mandatory retirement obligation arising under the conditions attaching to the First Preference Shares Series A for such year after making allowance for any credit available at the election of the Company to be used to reduce such obligation in respect of First Preference Shares Series A previously purchased for cancellation or redeemed and not theretofore used as a credit to reduce such obligation, and unless immediately after giving effect to such action the Shareholders' Equity is at least equal to the aggregate principal amount of all Consolidated Funded Obligations then outstanding;

provided that this Clause F shall not apply to prevent the Company from paying cash dividends on or satisfying mandatory retirement obligations arising under the conditions attaching to any First Preference Shares of the Company.

G. The Company will not permit any Subsidiary to guarantee any indebtedness or dividends of or give any other guarantee on behalf of any person, firm or corporation other than the Company or a Subsidiary.

H. Subject to certain exceptions to be set forth in the Trust Indenture, the Company will not sell or otherwise dispose of or permit any Subsidiary to sell or otherwise dispose of (except to the Company or to a Subsidiary of which such Subsidiary is a Subsidiary) by conveyance, transfer, lease or otherwise the assets and undertaking of the Company or of any Subsidiary, as the case may be, as an entirety or substantially as an entirety.

The foregoing Clauses A to H inclusive and the said floating charge shall not apply to nor operate to prevent and there shall be permitted:

- (i) the giving of security or securities on Current Assets by the Company or any Subsidiary to any bank or banks or to any other lending institution for present or future debts or liabilities of the Company or such Subsidiary to such bank or banks or lending institution, provided that such debts or liabilities do not constitute Funded Obligations, and any such security or securities given by the Company shall rank in priority to the said floating charge;
- (ii) the assuming or giving of Purchase Money Mortgages on property acquired by the Company or any Subsidiary after February 15, 1970 provided that the aggregate principal amount of such Purchase Money Mortgages at any time outstanding shall not exceed \$500,000 for the Company and all Subsidiaries;
- (iii) the acquiring by the Company or any Subsidiary after February 15, 1970 of property subject to any mortgage, lien, charge or encumbrance thereon at the time of such acquisition;

- (iv) the extension, renewal or refunding of any Purchase Money Mortgage permitted under subdivision (ii) hereof, any mortgage, lien, charge or encumbrance permitted under subdivision (iii) hereof or any mortgage, lien, charge or encumbrance existing on October 1, 1969, in each case to the extent of the principal amount of the indebtedness secured by and owing under any such Purchase Money Mortgage, mortgage, lien, charge or encumbrance at the time of such extension, renewal or refunding; provided that the property encumbered is not extended on such extension, renewal or refunding;
- (v) the giving of security or the issuance or disposal of Funded Obligations by a Subsidiary to secure the Debentures;
- (vi) any Subsidiary guaranteeing the obligations (other than Funded Obligations) of customers and suppliers in the ordinary course of business;
- (vii) (a) the deposit of cash or obligations of the Government of Canada in connection with contracts or tenders in the ordinary course of business or to secure workmen's compensation, surety or appeal bonds, costs of litigation when required by law and public and statutory obligations; or (b) liens or claims incident to current construction, mechanics', warehousemen's, carriers' and other similar liens; or (c) the incurring of obligations under forward commitments of purchase relating to current operations or under any lease entered into in the ordinary course of business or any guarantee of such obligations given in the ordinary course of business;
- (viii) the extension, renewal or refunding, by an issue of Funded Obligations complying with the provisions of the foregoing Clauses D and E, by the Company of any Funded Obligations of the Company to the extent of the principal amount of such last-mentioned Funded Obligations at the time of such extension, renewal or refunding or the extension, renewal or refunding by a Subsidiary of any Funded Obligations of such Subsidiary to the extent of the principal amount of such last-mentioned Funded Obligations at the time of such extension, renewal or refunding;
- (ix) the securing of any Funded Obligations issued as permitted by subdivision (viii) hereof in the same manner as the Funded Obligations extended, renewed or refunded were secured at the time of such extension, renewal or refunding; or
- (x) the Company (until the security constituted by the Trust Indenture shall have become enforceable and the Trustee shall have determined or become bound to enforce the same) pledging, selling, alienating, leasing, assigning, mortgaging, hypothecating, charging or otherwise disposing of or dealing with the subject matters of such floating charge in the ordinary course of its business and for the purpose of carrying on the same, provided that any such action is not in breach of any express provision of the Trust Indenture and provided that the Company shall not create or assume any mortgage, hypothec, charge, pledge, lien or other encumbrance upon the subject matters of such floating charge or any part thereof ranking or purporting to rank in priority to or *pari passu* with such floating charge except as expressly permitted under subdivisions (i) to (ix) inclusive or by Clause A set out above.

The Trust Indenture will provide that if any property or any shares of any other company (sufficient with any other shares of such other company already owned by the Company or a Subsidiary to result in such other company becoming a Subsidiary) have been acquired or are in process of being acquired or are proposed to be acquired by the Company or any Subsidiary at the time of determining Consolidated Earnings and/or Consolidated Funded Obligations and if the net proceeds of any issue of Additional Debentures or other Funded Obligations of the Company have been or are to be applied directly or indirectly towards the cost of or in reimbursement of the cost of the acquisition of such property or shares, as to all of which a resolution of the directors of the Company shall be conclusive and binding, then (i) the Funded Obligations of or attached to such property or such other company (calculated in accordance with the provisions of the Trust Indenture respecting Consolidated Funded Obligations) shall be treated as Funded Obligations in the computation of Consolidated Funded Obligations and (ii) the earnings or losses of such property or such other company (calculated in accordance with the provisions of the Trust Indenture respecting Consolidated Earnings) for the whole of the period for which Consolidated Earnings are to be computed shall, if in the opinion of the Company's auditors the Company has access to data sufficient to enable such auditors to determine such earnings or losses, be treated as earnings or losses, as the case may be, in the computation of Consolidated Earnings.

The Trust Indenture will also provide that the directors may from time to time determine Consolidated Earnings, Consolidated Net Earnings, Consolidated Funded Obligations and Shareholders' Equity



as of or up to a date not more than 120 days prior to the making of such determination in the manner and with the effect to be set out in the Trust Indenture.

## Definitions

The foregoing covenants are to be read in conjunction with the definitions in the Trust Indenture, certain of which are to be substantially as follows:

- (a) "Current Assets" means accounts receivable, bills and notes receivable and similar items receivable in the ordinary course of business, cash on hand and in transit to or in banks, bonds and obligations of or guaranteed by the Government of Canada or any province thereof and other investments (which term shall include bonds, debentures, debenture stock, shares and obligations of incorporated companies other than Funded Obligations issued by the Company or any Subsidiary) which are readily saleable and which in accordance with generally accepted accounting principles may properly be grouped as current assets, prepaid interest, insurance, municipal taxes and similar prepaid expenses of a current nature, stock-in-trade and materials and supplies necessary for the operation of the businesses of the Company and its Subsidiaries, cash surrender value of life insurance policies payable to the Company or its Subsidiaries and such other assets as are usually regarded as current in accordance with generally accepted accounting principles by companies conducting a business similar to that of the Company and/or its Subsidiaries;
- (b) "Consolidated Earnings" means all the gross earnings and income of the Company and its Subsidiaries from all sources less all administrative, selling and operating charges and expenses of every character of the Company and its Subsidiaries other than depreciation, interest on Funded Obligations and taxes on income (but excluding gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting principles. Without limitation of the generality of the foregoing, operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are chargeable to capital account in accordance with generally accepted accounting principles), rentals, licences, taxes (other than taxes on income) and interest (other than interest on Funded Obligations) and such allowances for bad and doubtful debts as the directors in their discretion, with the approval of the Company's auditors, may determine. In determining Consolidated Earnings interest charges which will be eliminated or reduced by reason of the issuance of Funded Obligations shall be disregarded or adjusted as the case may be. The earnings of any Subsidiary for the purpose of this definition shall only include such part of the earnings and income of such Subsidiary calculated as aforesaid as under generally accepted accounting principles is applicable to those shares of such Subsidiary which are held by the Company or any other Subsidiary;
- (c) "Consolidated Net Earnings" means Consolidated Earnings after reasonable provision for depreciation, interest on Funded Obligations and taxes on income arrived at on a consolidated basis in accordance with generally accepted accounting principles; taxes on income shall, for the purposes of this definition, be determined by giving effect to such charges or credits to income or taxes on income in respect of deferred taxes on income as the directors in their discretion, with the approval of the Company's auditors, may determine;
- (d) "Funded Obligations" means the Debentures and any indebtedness the principal amount of which by its terms is not payable on demand and matures more than 12 months after the date of the creation or issuance thereof and any liability (contingent or otherwise) in respect of any guarantee by the Company or any Subsidiary of any such indebtedness of any person, firm or corporation;
- (e) "Consolidated Funded Obligations" means the aggregate amount of all Funded Obligations of the Company and all its Subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting principles;

- (f) "Purchase Money Mortgage" means any mortgage, hypothec, charge, vendor's privilege, vendor's lien or other encumbrance upon property, given or assumed or arising by operation of law to provide or secure the whole or any part of the consideration for the acquisition of such property provided that such encumbrance is limited to the property so acquired;
- (g) "Shareholders' Equity" means the aggregate of the paid up capital of the Company and of the earned surplus or deficit and contributed surplus of the Company and its Subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting principles;
- (h) "Subsidiary" means any corporation or company of which more than 50% of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect at least a majority of the board of directors of such corporation or company) are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a Subsidiary.

### **Modification**

The rights of the holders of the Series A Debentures under the Trust Indenture may be modified. For that purpose, among others, the Trust Indenture will contain provisions for the holding of meetings of Debentureholders and for rendering resolutions passed at such meetings and instruments in writing signed by the holders of a specified majority of the Debentures binding upon all Debentureholders, subject to the provisions of the Trust Indenture.

## **DETAILS OF THE PREFERENCE AND COMMON SHARES**

The authorized capital of the Company is divided into 750,000 First Preference Shares with a par value of \$20 each (the "First Preference Shares"), issuable in series, of which 230,000 shares are to be issued as the first series, designated as 7% Cumulative Redeemable First Preference Shares Series A (the "First Preference Shares Series A") and 3,000,000 Common Shares with a par value of \$1 each (the "Common Shares"). The full text of the provisions attaching to the First Preference Shares and the First Preference Shares Series A are substantially set forth in the Schedule of Share Provisions to this prospectus. A brief summary thereof is set out below.

### **First Preference Shares Series A**

#### ***Dividends***

The holders of the First Preference Shares Series A will be entitled to receive, in priority to the Common Shares and any other shares ranking junior to the First Preference Shares Series A, fixed cumulative preferential cash dividends, as and when declared by the board of directors, at the rate of 7% per share per annum to accrue from the date of the issue of such shares by the Company and to be payable quarterly on the 30th days of January, April, July and October. The initial dividend, if declared by the board of directors, will be paid on April 30, 1970.

#### ***Return of Capital***

In the event of the liquidation, dissolution or winding-up of the Company, the holders of the First Preference Shares Series A will be entitled to receive, in priority to the Common Shares and any other shares ranking junior to the First Preference Shares Series A, the sum of \$21 per share plus all accrued and unpaid preferential dividends and will not be entitled to share in any further distribution of the property or assets of the Company.

#### ***Purchase and Redemption***

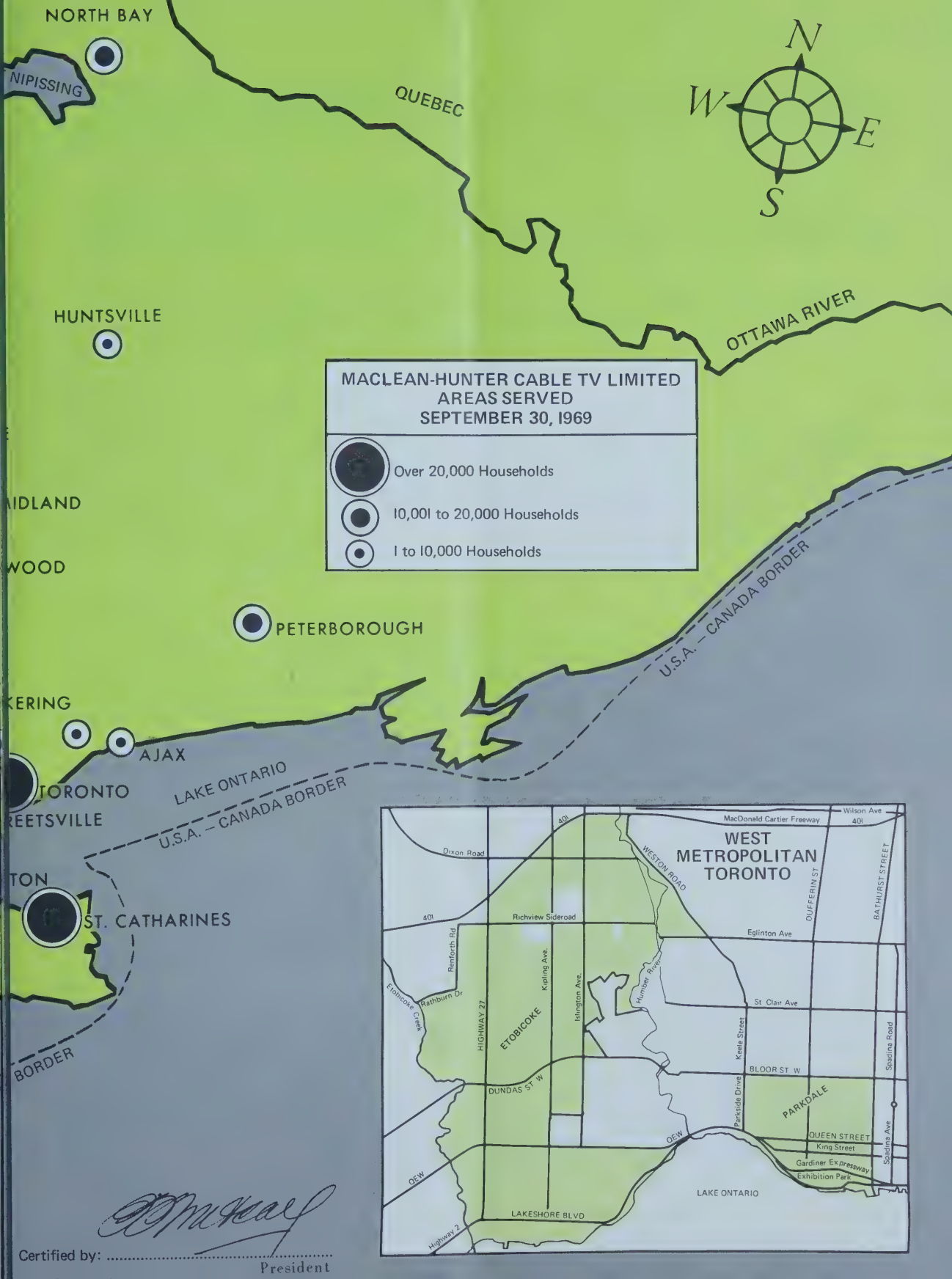
The Company may purchase all or any part of the outstanding First Preference Shares Series A in the market or by invitation for tenders at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding \$21 per share plus accrued and unpaid dividends and costs of purchase.











MACLEAN-HUNTER CABLE TV LIMITED  
AREAS SERVED  
SEPTEMBER 30, 1969

- Over 20,000 Households
- 10,001 to 20,000 Households
- 1 to 10,000 Households

*Maclean-Hunter*  
Certified by: .....  
President





The First Preference Shares Series A will be redeemable at the option of the Company in whole at any time or in part from time to time on not less than 30 days' notice at a redemption price of \$21 per share (if redeemed otherwise than to satisfy the compulsory retirement obligation described below) plus accrued and unpaid dividends.

#### *Compulsory Retirement of First Preference Shares Series A*

The Company shall retire annually, either by redemption or purchase for cancellation, an aggregate of 23,000 First Preference Shares Series A in each of the years ending on January 30, 1971 to 1980 inclusive.

Any First Preference Shares Series A purchased for cancellation or redeemed shall constitute a credit to reduce such compulsory retirement obligation. No premium is payable by the Company in respect of First Preference Shares Series A redeemed to satisfy the compulsory retirement obligation with respect to the year in which such shares are redeemed.

#### *Issue of Additional First Preference Shares*

So long as any of the First Preference Shares Series A are outstanding, the Company shall not, without the approval of the holders of the First Preference Shares Series A, issue any First Preference Shares in addition to the 230,000 First Preference Shares Series A unless the Consolidated Net Earnings Available for Dividends (as defined) for any 12 consecutive calendar months out of the 18 calendar months immediately preceding the date of issue of such shares shall have been at least equal to 2 times the annual dividend requirements on all First Preference Shares to be outstanding; provided, however, that notwithstanding the foregoing restriction the Company may issue up to an aggregate of 125,000 additional First Preference Shares at any time or times prior to January 30, 1973.

#### *Restrictions*

No dividends other than certain stock dividends shall be declared or paid on any shares of the Company ranking junior to the First Preference Shares nor shall the Company redeem, purchase, decrease or otherwise pay off less than all of the outstanding First Preference Shares or any shares of the Company ranking junior to the First Preference Shares unless all dividends then payable on each series of outstanding First Preference Shares shall have been declared and paid or set apart for payment.

So long as any of the First Preference Shares Series A are outstanding and subject to one exception related to a contemporaneous issue of shares, the Company shall not, without the approval of the holders of the First Preference Shares Series A, declare or pay any dividends (other than certain stock dividends) on any shares of the Company ranking junior to the First Preference Shares Series A or redeem, reduce, purchase or otherwise pay off any shares of the Company ranking junior to the First Preference Shares Series A, except to the extent that the Consolidated Net Earnings Available for Dividends (as defined) for any 12 consecutive calendar months out of the 18 calendar months immediately preceding the date of such action exceed the aggregate of (a) 2 times the maximum dividend requirements in the fiscal year in which such action is taken on all the First Preference Shares outstanding at the time such action is taken, and (b) the maximum amount which may be required to be paid during the year ending on January 30 in which such action is taken to meet the mandatory retirement obligation arising under the conditions attaching to the First Preference Shares Series A for such year after making allowance for any credit available at the election of the Company to be used to reduce such obligation in respect of First Preference Shares Series A previously purchased for cancellation or redeemed and not theretofore used as a credit to reduce such obligation, and unless immediately after giving effect to such action the Common Shareholders' Equity (as defined) is at least equal to the aggregate par value of the First Preference Shares then outstanding.

The Company may not, without the approval of the holders of the First Preference Shares Series A, create any First Preference Shares in addition to the 750,000 presently authorized First Preference Shares or create any class of shares ranking in priority to or on a parity with the First Preference Shares but, subject as aforesaid, the Company may issue additional series of the presently authorized First Preference Shares without such approval.

### *Voting Rights*

The holders of the First Preference Shares will not be entitled to attend or vote at meetings of shareholders unless the Company shall fail to pay in the aggregate 6 quarterly dividends on the First Preference Shares of any one series whereupon, so long as any dividends on the First Preference Shares of any series remain in arrears, the holders of all series of First Preference Shares will be entitled to attend meetings of shareholders and will be entitled to one vote in respect of each First Preference Share held and voting separately and as a class to elect 2 directors if the number of directors of the Company is 7 or less or to elect 3 directors if the number of directors of the Company is more than 7. The holders of the First Preference Shares shall be entitled to receive copies of the financial statements of the Company and the auditors' report thereon to be submitted to the shareholders of the Company at annual meetings.

### *Amendment and Approval*

The provisions attaching to the First Preference Shares, as a class, and to the First Preference Shares Series A may be amended with the approval of the holders of the First Preference Shares, as a class, or of the First Preference Shares Series A, as the case may be, which approval and any other approval referred to above may be given by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose.

### **Common Shares**

The holders of Common Shares are entitled to one vote per share at all meetings of shareholders of the Company. All Common Shares rank equally with all other Common Shares in respect of dividend payments and upon a winding-up or dissolution of the Company. All Common Shares outstanding on completion of this financing will be fully paid and non-assessable.

## **DIVIDENDS**

No dividends have been paid by the Company to date. Payment of dividends by the Company on the Common Shares will be determined from time to time by the board of directors on the basis of then prevailing financial circumstances, earnings and other relevant factors.

## **INTEREST AND DIVIDEND COVERAGE**

The maximum interest payable in respect of the Series A Debentures offered by this prospectus amounts to \$675,000 per annum and will decrease as Series A Debentures are retired out of the sinking fund. As shown in the Statement of Combined Earnings and Pro Forma Statement of Combined Earnings of Constituent Businesses, combined earnings from operations before depreciation, interest, income taxes and other income for the nine months ended September 30, 1969 amounted to \$989,000. In the opinion of management, the combined earnings of the constituent businesses will be adequate to provide funds to pay dividends on the First Preference Shares Series A offered by this prospectus, which will amount to a maximum of \$322,000 per annum. Dividends on the First Preference Shares Series A may also be paid out of contributed surplus which, following the completion of this financing, will amount to \$2,086,050.

## **MATERIAL CONTRACTS**

Except for contracts in the ordinary course of business, the only material contracts entered into by the Company or by its predecessor companies, within the two years preceding the date hereof, are the following:

1. Agreement dated August 14, 1968 between Maclean-Hunter Cable TV Limited and Community Television Limited pursuant to which Maclean-Hunter Cable TV Limited acquired on August 12, 1969 all of the undertaking, property and assets of Community Television Limited;
2. Agreement dated August 28, 1968 between Maclean-Hunter Cable TV Limited and G. W. Rymal pursuant to which Maclean-Hunter Cable TV Limited acquired on August 25, 1969 all the outstanding shares of South Aberdeen Cable T.V. Limited;
3. Agreement dated September 30, 1968 between Maclean-Hunter Cable TV Limited and Henry R. Young pursuant to which the Company acquired on October 14, 1969 75% of the issued and outstanding shares of Peterborough Cable Television Limited;



4. Agreement dated July 17, 1969 between Maclean Hunter Cable TV Limited and Kenthom Holdings Limited with respect to their participation in the formation of a new company to operate, subject to CRTC approval, a cable television service in the area of Sudbury, Ontario;
5. Agreement dated July 23, 1969 between Maclean-Hunter Cable TV Limited and Bob-Clare Investments Limited for the construction and lease to Maclean-Hunter Cable TV Limited of a new 10,800 square foot office and service building located in the township of Etobicoke, Ontario at an annual rental of approximately \$26,000;
6. Agreement of amalgamation dated August 25, 1969 between Maclean-Hunter Cable TV Limited and South Aberdeen Cable T.V. Limited;
7. Agreement dated October 10, 1969 between the Company and Henry R. Young setting forth certain of their mutual rights and obligations as shareholders of Peterborough Cable Television Limited;
8. Underwriting agreement dated January 15, 1970 between the Company and Pitfield, Mackay, Ross & Company Limited and Wood Gundy Securities Limited referred to under the heading "Plan of Distribution".

Copies of the foregoing agreements, and of the Trust Indenture, Debenture Deposit Agreement and Share Deposit Agreement when entered into, may be inspected during ordinary business hours at the head office of the Company, 27 Fasken Drive, Rexdale, Ontario, while the securities offered by this prospectus are in the course of primary distribution to the public and for a period of 30 days thereafter.

### **TRANSFER AGENT, REGISTRAR AND INDENTURE TRUSTEE**

The Canada Trust Company, at its principal office in the cities of Halifax, Montreal, Toronto, Calgary and Vancouver, is the transfer agent and registrar for the 7% Cumulative Redeemable First Preference Shares Series A and the Common Shares of the Company.

National Trust Company, Limited will be trustee for the holders of the Debentures offered by this prospectus. Registers upon which coupon Debentures may be registered as to principal, upon which fully registered Debentures shall be registered as to principal and interest and upon which transfers of Debentures so registered shall be recorded, will be kept by National Trust Company, Limited at its principal office or agency in the cities of Halifax, Montreal, Toronto, Calgary and Vancouver.

### **AUDITORS**

The auditors of the Company are Messrs. Clarkson, Gordon & Co., The Royal Trust Tower, P.O. Box 251, Toronto-Dominion Centre, Toronto.

### **COUNSEL**

Legal matters will be passed upon on behalf of the Company by Messrs. Davies, Ward & Beck, Toronto and on behalf of the Underwriters by Messrs. Fraser & Beatty, Toronto, who will rely upon the opinion of counsel for the Company with respect to certain matters including security. A partner of Messrs. Davies, Ward & Beck beneficially owns 1,250 Common Shares of Maclean-Hunter Limited.

## STATEMENT OF CONSOLIDATED FINANCIAL POSITION AND PRO FORMA

SEPTEMBER 30, 1999

## ASSETS

	Consolidated financial position	Pro forma consolidated financial position (note 2)
<b>CURRENT</b>		
Cash .....	\$ 178,000	\$ 4,503,000
Marketable securities, at cost (market value \$394,000) ....	394,000	394,000
Accounts receivable .....	216,000	216,000
Inventories of replacement parts, at lower of cost and re- placement cost .....	105,000	105,000
Prepaid expenses .....	69,000	69,000
	<u>962,000</u>	<u>5,287,000</u>
<b>PROPERTIES (note 4)</b>		
Buildings .....	127,000	127,000
Towers and transmission facilities .....	7,791,000	7,791,000
Equipment .....	380,000	380,000
Total, at cost .....	8,298,000	8,298,000
Less accumulated depreciation .....	1,345,000	1,345,000
	<u>6,953,000</u>	<u>6,953,000</u>
Land, at cost .....	46,000	46,000
	<u>6,999,000</u>	<u>6,999,000</u>
<b>OTHER</b>		
Excess of cost of acquiring predecessor businesses over book value of net assets acquired .....	5,864,000	5,864,000
	<u>\$13,825,000</u>	<u>\$18,150,000</u>

See accompanying notes



**CABLE TV LIMITED**

the laws of Ontario)

ry companies

**FORMA STATEMENT OF CONSOLIDATED FINANCIAL POSITION****R 30, 1969****LIABILITIES**

	<b>Consolidated financial position</b>	<b>Pro forma consolidated financial position (note 2)</b>
<b>CURRENT</b>		
Bank indebtedness of subsidiary company .....	\$ 350,000	\$ 350,000
Accounts payable and accrued charges .....	548,000	548,000
Income and sundry taxes payable .....	140,000	87,000
Due on purchase of an operating Cable TV system .....	1,860,000	—
Unearned subscriber revenue .....	446,000	446,000
	<u>3,344,000</u>	<u>1,431,000</u>
<b>LONG-TERM DEBT</b>		
Due to parent company, Maclean-Hunter Limited		
— non-interest bearing loan .....	1,464,000	—
— loan bearing interest at the bank rate charged to the parent company .....	8,160,000	—
	<u>9,624,000</u>	
9% Sinking Fund Debentures Series A due January 30, 1980	—	<u>7,500,000</u>
<b>DEFERRED INCOME TAXES</b> .....	<u>225,000</u>	<u>225,000</u>
<b>MINORITY INTEREST IN SUBSIDIARY COMPANIES</b> .....	<u>243,000</u>	<u>243,000</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (notes 2 and 5) .....	166,000	6,442,000
Contributed surplus (note 6) .....	—	2,086,000
Retained earnings (notes 1 and 7) .....	223,000	223,000
	<u>389,000</u>	<u>8,751,000</u>
	<u>\$13,825,000</u>	<u>\$18,150,000</u>

Approved by the Board:

(Sgd.) D. G. Campbell, Director

(Sgd.) L. R. Clark, Director

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# MACLEAN-HUNTER CABLE TV LIMITED

## STATEMENT OF COMBINED EARNINGS AND PRO FORMA STATEMENT OF COMBINED EARNINGS OF CONSTITUENT BUSINESSES

(note 3)

	Years ended December 31					9 months ended September 30	
	1964	1965	1966	1967	1968	1968 (unaudited)	1969
<b>Statement of Combined Earnings (note 3(a) )</b>							
Revenue .....	\$1,364,000	\$1,682,000	\$1,923,000	\$2,223,000	\$2,500,000	\$1,858,000	\$2,455,000
Operating expenses except depreciation and interest .....	900,000	1,140,000	1,313,000	1,511,000	1,379,000	1,063,000	1,466,000
Combined earnings from operations before the following: .....	464,000	542,000	610,000	712,000	1,121,000	795,000	989,000
Deduct (add):							
Depreciation .....	201,000	249,000	284,000	298,000	414,000	305,000	473,000
Interest .....	36,000	32,000	37,000	29,000	50,000	28,000	203,000
Other expense .....	8,000	7,000	6,000	24,000	4,000	3,000	—
Other income .....	(9,000)	(4,000)	(6,000)	(12,000)	(22,000)	(7,000)	(24,000)
	236,000	284,000	321,000	339,000	446,000	329,000	652,000
Combined earnings before income taxes ..	228,000	258,000	289,000	373,000	675,000	466,000	337,000
Income taxes:							
Current .....	92,000	82,000	95,000	152,000	184,000	118,000	104,000
Deferred .....	—	—	—	—	144,000	102,000	85,000
	92,000	82,000	95,000	152,000	328,000	220,000	189,000
Combined earnings ...	<u>\$136,000</u>	<u>\$176,000</u>	<u>\$194,000</u>	<u>\$221,000</u>	<u>\$347,000</u>	<u>\$246,000</u>	<u>\$148,000</u>
<b>Pro Forma Statement of Combined Earnings (note 3 (b) and (c) )</b>							
Combined earnings (as above) .....	\$136,000	\$176,000	\$194,000	\$221,000	\$347,000	\$246,000	\$148,000
Pro forma adjustments:							
Depreciation .....	59,000	62,000	65,000	32,000	27,000	20,000	(9,000)
Income taxes .....	(58,000)	(84,000)	(89,000)	(58,000)	(47,000)	(40,000)	9,000
Minority interest ...	(10,000)	(15,000)	(18,000)	(14,000)	(31,000)	(18,000)	(14,000)
Pro forma combined earnings .....	<u>\$127,000</u>	<u>\$139,000</u>	<u>\$152,000</u>	<u>\$181,000</u>	<u>\$296,000</u>	<u>\$208,000</u>	<u>\$134,000</u>



# MACLEAN-HUNTER CABLE TV LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of consolidated financial position

The statement of consolidated financial position includes the accounts of the Company and its subsidiaries, Huron Cable TV Limited, Peterborough Cable Television Limited and South Aberdeen Cable T.V. Limited. Retained earnings of \$223,000 represents the retained earnings of these companies and other predecessor constituent businesses from their effective dates of acquisition as follows:

Metronics Corporation Limited and its subsidiaries — April 1, 1967

South Dale T.V. Cable Limited — June 1, 1967

(the foregoing two companies were amalgamated with the Company on November 23, 1967)

Huron Cable TV Limited (66⅔% owned) — March 6, 1967

Community Television Limited (assets and operations acquired) — January 1, 1969

Peterborough Cable Television Limited (75% owned) — July 1, 1969

South Aberdeen Cable T.V. Limited — August 1, 1969

On October 1, 1969 the Company was amalgamated with its wholly-owned subsidiary, South Aberdeen Cable T.V. Limited.

### 2. Pro forma statement of consolidated financial position

The pro forma statement of consolidated financial position gives effect, as at September 30, 1969, to:

- (a) the purchase for cancellation in November, 1969 of the previously issued 1,627 first preference shares for \$162,700;
- (b) the issue and sale in November, 1969 of 1,000 common shares without par value for an aggregate consideration of \$1,627,000 satisfied as to \$162,700 in cash and as to \$1,464,300 by cancellation of a non-interest bearing loan from Maclean-Hunter Limited;
- (c) the issue of supplementary letters patent to the Company on November 18, 1969 and on December 16, 1969 which, among other things,
  - (i) converted the Company from a private company to a public company;
  - (ii) changed and subdivided the 16,000 second preference shares into 8,000,000 second preference shares without par value;
  - (iii) subdivided and changed the 5,000 issued and outstanding common shares without par value into 1,137,500 Common Shares with a par value of \$1 each; and
  - (iv) reconstituted the authorized capital of the Company as 750,000 First Preference Shares with a par value of \$20 each issuable in series (the first series consisting of 230,000 shares designated as 7% Cumulative Redeemable First Preference Shares Series A) and 3,000,000 Common Shares with a par value of \$1 each;
- (d) the issue and sale in November, 1969, following the issue of the first of such supplementary letters patent, of 100,000 Common Shares with a par value of \$1 each for an aggregate consideration of \$500,000 satisfied in cash;
- (e) the conversion of the said 8,000,000 second preference shares into 3,200 Common Shares (as presently constituted) and the subsequent cancellation of such 3,200 Common Shares by the supplementary letters patent dated December 16, 1969;
- (f) the issue and sale to Pitfield, Mackay, Ross & Company Limited and Wood Gundy Securities Limited pursuant to an underwriting agreement dated January 15, 1970 of the following:
 

\$7,500,000 9% Sinking Fund Debentures Series A issued for .....	\$ 7,500,000
230,000 7% Cumulative Redeemable First Preference Shares Series A	
with a par value of \$20 each, at par .....	4,600,000
605,000 Common Shares with a par value of \$1 each at \$3.05 per share .....	1,845,250
	<u>\$13,945,250</u>

- (g) the application of the proceeds of the issues referred to in (d) and (f) above as follows:

Payment of amount due on purchase of an operating Cable TV system ....	\$ 1,860,000
Repayment of interest-bearing loan from Maclean-Hunter Limited .....	8,160,000
Payment of estimated financing costs .....	100,000
Addition to the cash funds of the Company .....	4,325,250
	<u>\$14,445,250</u>

### 3. Statement of Combined Earnings and Pro Forma Statement of Combined Earnings of Constituent Businesses

- (a) Since its incorporation on April 18, 1967 the Company has acquired a number of Cable TV businesses, most of which had been in operation prior to 1967. In lieu of presenting a consolidated statement of earnings for the Company and its subsidiaries for the period from April 18, 1967 to September 30, 1969 (with earnings of acquired businesses being included only from dates of acquisition) it is considered more meaningful to present a statement of combined earnings covering operations since January 1, 1964 of all the businesses which constitute the present undertaking. This is supplemented by a pro forma statement of combined earnings in which certain pro forma adjustments are made as explained in (b) below. The operating results of the constituent businesses carried on by the following companies are included in these statements from January 1, 1964:

Metronics Corporation Limited and its subsidiaries  
 Peterborough Cable Television Limited  
 Community Television Limited  
 South Aberdeen Cable T.V. Limited

The operating results of the Company, South Dale T.V. Cable Limited and Huron Cable TV Limited are included from the dates of their incorporation in 1967. In combining the operating results of the foregoing businesses with those of the Company, in those cases where the fiscal periods of the businesses did not end on December 31, earnings have been determined by pro-rating the earnings of the closest corresponding fiscal period.

- (b) The pro forma statement of combined earnings reflects adjustments to cover the following matters:
- (i) Prior to their acquisition by the Company, most of the acquired businesses provided depreciation at rates in excess of those used by the Company. For purposes of the pro forma statement of combined earnings, depreciation charges have been adjusted to the amounts that would have been provided if the Company's rates had been used throughout the period.
  - (ii) Prior to acquisition of their control by the Company, the companies owning the constituent businesses were not "associated" for income tax purposes. In addition South Aberdeen Cable T.V. Limited was an unincorporated association prior to October, 1967 and no provision for income taxes was included in its accounts. Consequently, the average rate of income tax reflected in the statement of combined earnings is less than the rate applicable to the periods following control of the individual businesses by the Company. For purposes of the pro forma statement of combined earnings, income taxes have been adjusted to the amounts that would have been provided if all the businesses had been subject to corporate income taxes on an "associated" basis throughout the period.
  - (iii) Provision has been made in the pro forma statement of combined earnings for the presently existing minority interest in subsidiaries not wholly-owned by the Company.
- (c) Adjustments have not been made in the pro forma statement of combined earnings for the following matters:
- (i) Certain businesses charged subscriber installation costs to operating expenses, instead of capitalizing the cost as transmission facilities in accordance with the Company's practice. However, for the most part such costs were offset by installation charges made to subscribers. Interest and overhead costs incurred during periods of primary construction of transmission plant have not been capitalized except in the cases of the Company and Huron Cable TV Limited. The effect of these differences in accounting practices on net earnings was not significant.
  - (ii) The constituent businesses were carried on by private companies owned or controlled by their former directors and officers whose remuneration was in excess of the level of remuneration that is being paid or proposed to be paid to management officials in equivalent positions in the combined group in September, 1969. The estimated excess remuneration did not represent, in the aggregate, a substantial part of operating expenses.
  - (iii) The net earnings for periods prior to acquisition of the respective businesses do not reflect an interest cost comparable to the interest arising in 1969 on debt incurred to finance the acquisition of the constituent businesses or the interest that will arise on the debentures to be issued by the Company nor do they include the extension of the businesses permitted by the incurring of such debt and the issuance of the debentures.
- It has not been found practicable to estimate what the level of management remuneration or the level of interest charges would have been if the constituent businesses had been owned by the Company throughout the period.
- (d) Reference is made to note 4(a) below regarding the effect on earnings of a change in accounting policy with respect to operating and interest costs incurred during construction of towers and transmission facilities.

#### 4. Properties

- (a) Effective January 1, 1968, the Company adopted the policy of capitalizing, as part of the cost of towers and transmission facilities, related operating and interest costs incurred during construction. If the 1967 earnings were restated using the 1968 capitalization policy, the net earnings would have been increased by approximately \$27,000. Interest capitalized amounted to \$52,000 in 1968 and to \$77,000 in the nine months ended September 30, 1969.
- (b) Transmission facilities include \$2,566,000 of assets paid for by the Company but held under leases from public utility companies with original minimum terms of ten years. Also included are construction advances and inventories of construction materials totalling \$1,010,000.
- (c) The cost of all depreciable property owned by the Company and the cost of all leasehold facilities is being depreciated on a straight-line basis over ten years. Prior to acquisition by the Company, certain constituent businesses provided for depreciation in their accounts at rates different from those used by the Company. If accumulated depreciation were restated to record depreciation at the rates used by the Company, the net book value of properties would be increased by \$353,000.

#### 5. Capital stock

##### Statement of Consolidated Financial Position —

###### Authorized:

20,000	5% non-cumulative redeemable non-voting first preference shares with a par value of \$100 each
16,000	5% non-cumulative redeemable voting second preference shares with a par value of 20¢ each
5,000	common shares without par value

###### Issued:

1,627	first preference shares	\$162,700
16,000	second preference shares	3,200
4,000	common shares	100
		<u>\$166,000</u>

##### Pro Forma Statement of Consolidated Financial Position —

###### Authorized:

750,000	First Preference Shares with a par value of \$20 each, issuable in series
3,000,000	Common Shares with a par value of \$1 each

###### Issued:

230,000	7% Cumulative Redeemable First Preference Shares Series A	\$4,600,000
1,842,500	Common Shares	1,842,500
		<u>\$6,442,500</u>



## 6. Contributed surplus

The contributed surplus balance of \$2,086,000 included in the pro forma statement of consolidated financial position results as follows:

1,137,500	Common Shares issued for .....	\$1,627,100
100,000	Common Shares issued for .....	500,000
3,200	Common Shares, subsequently cancelled, issued for .....	3,200
605,000	Common Shares issued for .....	1,845,250
<u>1,845,700</u>		<u>3,975,550</u>
	Less par value of 1,842,500 outstanding Common Shares at \$1 each .....	1,842,500
		<u>2,133,050</u>
	Less financing costs written off (net after tax) .....	47,000
		<u>2,086,050</u>

## 7. Dividend restrictions

The provisions attaching to the Company's Sinking Fund Debentures Series A and First Preference Shares Series A, to be issued, will contain a number of restrictions that will not presently permit the payment of dividends on Common Shares.

## 8. Planned construction

Contracts for installation of distribution cable in the construction and expansion of the Company's systems call for work to be performed over a period of time. While the Company is not committed for specific amounts of expenditures, it is estimated that construction planned for the three months ending December 31, 1969 and for the year 1970 will cost \$1,100,000 and \$3,350,000 respectively.

## 9. Lease commitments

Leases from Bell Canada and other public utility companies, of transmission facilities paid for by the Company, call for payments of \$130,000 per annum over minimum original terms of ten years. The Company is committed under a building lease commencing November 15, 1969 to an annual rental of \$26,000 for 15 years.

## 10. Earnings available for interest

Combined earnings of the constituent businesses available for payment of interest on funded obligations, after providing for taxes on earnings of subsidiary companies, were as follows:

Years ended December 31, 1964 .....	\$280,000
1965 .....	288,000
1966 .....	313,000
1967 .....	336,000
1968 .....	638,000
Nine months ended September 30, 1968 .....	299,000
1969 .....	430,000

## AUDITORS' REPORT

To the Directors of

Maclean-Hunter Cable TV Limited:

We have examined the statement of consolidated financial position and the pro forma statement of consolidated financial position of Maclean-Hunter Cable TV Limited and its subsidiary companies as at September 30, 1969 and the statement of combined earnings and pro forma statement of combined earnings of constituent businesses for the five years ended December 31, 1968 and the nine months ended September 30, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of McDonald, Currie & Co. who have examined the statements of earnings of Metronics Corporation Limited and its subsidiaries included in the statement of combined earnings.

In our opinion:

- the accompanying statement of consolidated financial position presents fairly the financial position of the companies as at September 30, 1969,
- the accompanying pro forma statement of consolidated financial position presents fairly the financial position of the companies after giving effect as at September 30, 1969 to the proposed transactions described in note 2,
- the accompanying statement of combined earnings presents fairly the combined results of operations of the constituent businesses for the five years ended December 31, 1968 and for the nine months ended September 30, 1969 on the basis explained in note 3, and
- the accompanying pro forma statement of combined earnings presents fairly the pro forma combined results of operations of the constituent businesses for the five years ended December 31, 1968 and for the nine months ended September 30, 1969 on the basis explained in note 3, after giving effect to the pro forma adjustments explained in note 3(b),

all in accordance with generally accepted accounting principles applied, except as explained in notes 3 and 4(a), on a consistent basis. We concur with the basis of presentation reflected in such statements as explained in such notes.

Toronto, Canada,  
January 15, 1970.

(Sgd.) Clarkson, Gordon & Co.,  
Chartered Accountants.

## **CERTIFICATES**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act, 1967 (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act, 1968 (Manitoba), by Part VII of The Securities Act, 1966 (Ontario), under the Quebec Securities Act, by Section 13 of the Securities Act (New Brunswick) and by the respective regulations thereunder.

Dated: January 15, 1970

### **Chief Executive Officer**

(Sgd.) D. G. Campbell, Chairman  
of the Board

### **Chief Financial Officer**

(Sgd.) L. R. Clark, Treasurer

### **On behalf of the Board of Directors**

(Sgd.) F. T. Metcalf, Director

(Sgd.) A. R. MacGregor, Director

### **Directors**

(Sgd.) D. G. Campbell

(Sgd.) L. R. Clark

(Sgd.) F. T. Metcalf

(Sgd.) A. R. MacGregor

(Sgd.) W. G. Bailey

### **Promoters**

**Maclean-Hunter Limited**  
by

(Sgd.) F. T. Metcalf

(Sgd.) J. L. Craig, Director

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act, 1967 (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act, 1968 (Manitoba), by Part VII of The Securities Act, 1966 (Ontario), under the Quebec Securities Act, by Section 13 of the Securities Act (New Brunswick) and by the respective regulations thereunder.

Dated: January 15, 1970

**Pitfield, Mackay, Ross & Company Limited**  
by

(Sgd.) R. L. Hunter, Director

**Wood Gundy Securities Limited**  
by

(Sgd.) P. J. Chadsey, Director

The following includes the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

Pitfield, Mackay, Ross & Company Limited: W. C. Pitfield, H. H. Mackay, D. L. Torrey, R. L. Hunter, W. Y. Soper, A. F. MacAllaster and D. C. Mackay; and

Wood Gundy Securities Limited: C. L. Gundy, W. P. Wilder, J. N. Cole, E. S. Johnston, J. K. McCausland, P. J. Chadsey, J. R. LeMesurier, C. E. Medland and J. N. Abell.



## **SCHEDULE OF SHARE PROVISIONS**

### **Provisions attaching to the First Preference Shares, as a Class**

The First Preference Shares ("First Preference Shares") have attached thereto, as a class, preferences, rights, conditions, restrictions, limitations and prohibitions substantially as hereinafter set forth, that is to say:

- (a) The First Preference Shares may at any time and from time to time be issued in one (1) or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the board of directors of the Company;
- (b) The board of directors of the Company shall, by resolution duly passed before the issue of any First Preference Shares of any series, fix the designation, preferences, rights, conditions, restrictions, limitations and prohibitions to be attached to the First Preference Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of preferential dividends, the date or dates and place or places of payment thereof, the consideration and the terms and conditions of any purchase for cancellation or redemption thereof, conversion rights (if any), the terms and conditions of any share purchase plan or sinking fund and the restrictions (if any) respecting payment of dividends on any shares ranking junior to the First Preference Shares, the whole subject to the issue of Supplementary Letters Patent setting forth the designation, preferences, rights, conditions, restrictions, limitations and prohibitions to be attached to the First Preference Shares of such series;
- (c) The First Preference Shares of each series shall, with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, be entitled to a preference over the Common Shares of the Company and over any other shares ranking junior to the First Preference Shares and the First Preference Shares of each series may also be given such other preferences over the Common Shares and any other shares ranking junior to the First Preference Shares as may be determined as to the respective series authorized to be issued;
- (d) The First Preference Shares of each series shall rank on a parity with the First Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs;
- (e) No series of First Preference Shares shall be authorized which shall have a dividend rate in excess of ten per cent (10%) per annum on the amount from time to time paid up thereon or be entitled to receive upon liquidation, dissolution or winding-up or upon redemption or purchase for cancellation a sum in excess of the amount paid up thereon together with a premium of ten per cent (10%) thereof plus a sum equivalent to all unpaid dividends accumulated thereon;
- (f) Subject to the provisions of clause (e) hereof, the holders of the First Preference Shares of each series shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at such rate and on such date or dates as the directors may fix or may have fixed by the resolution provided for in clause (b) hereof fixing the designation, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the First Preference Shares of such series and as may be set forth in the Supplementary Letters Patent setting forth the designation, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the First Preference Shares of such series; such

dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends; if on any date for the payment of any dividend on the First Preference Shares of any series the dividend payable on such date is not paid in full on all the First Preference Shares of such series then issued and outstanding such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the First Preference Shares of any series shall not be entitled to any dividends other than or in excess of the cash dividends for such series hereinbefore in this clause (f) referred to;

- (g) In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the First Preference Shares of each series shall be entitled to receive the amount paid up on such shares, together with all dividends (if any) accrued thereon up to the date of distribution and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day) and an additional amount equal to the premium (if any) which would be payable upon the First Preference Shares of such series as part of the redemption price of such shares if such shares were redeemed under the provisions of clause (j) hereof, and not pursuant to any compulsory retirement obligation imposed upon the Company, before any amount shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the First Preference Shares; after payment to the holders of the First Preference Shares of each series of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;
- (h) No dividends (other than stock dividends in shares of the Company ranking junior to the First Preference Shares) shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the First Preference Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the First Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the First Preference Shares nor shall the Company call for redemption or purchase for cancellation or decrease or otherwise pay off any of the First Preference Shares (less than the total number of First Preference Shares then outstanding) or any shares of the Company ranking junior to the First Preference Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the First Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, decrease or other payment off;
- (i) Subject to the provisions of clause (h) hereof and subject to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the First Preference Shares of any series, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the First Preference Shares of any series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the First Preference Shares of such series outstanding at the lowest price or prices at which, in the opinion of the directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in clause (j) hereof and not pursuant to any compulsory retirement obligation imposed upon the Company (including accrued and unpaid preferential dividends as provided in the said clause (j)) plus costs of pur-



chase; if upon any invitation for tenders under the provisions of this clause (i) the Company shall receive tenders of First Preference Shares of such series at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the First Preference Shares of such series so tendered which the Company determines to purchase at such price shall be purchased as nearly as may be pro rata (disregarding fractions) in proportion to the number of First Preference Shares of such series so tendered by each of the holders of First Preference Shares of such series who submitted tenders at the said same lowest price;

- (j) Subject to the provisions of clause (h) hereof and subject to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the First Preference Shares of any series, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding First Preference Shares of any series on payment for each share to be redeemed of the amount paid up on such share together with such premium (if any) as the directors may fix or may have fixed by the resolution provided for in clause (b) hereof fixing the designation, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the First Preference Shares of such series and as may be set forth in the Supplementary Letters Patent setting forth the designation, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the First Preference Shares of such series and together with all dividends (if any) accrued thereon up to the date fixed for redemption and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day);
- (k) In any case of redemption of First Preference Shares of any series under the provisions of clause (j) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of First Preference Shares of such series to be redeemed a notice in writing of the intention of the Company to redeem such last mentioned shares; such notice shall be mailed in an envelope, with postage prepaid, addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the First Preference Shares of such series held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the First Preference Shares of such series to be redeemed the redemption price thereof on presentation and surrender, at the head office of the Company or any other place within Canada designated in such notice, of the certificates representing the First Preference Shares of such series so called for redemption; such payment shall be made by cheques payable at par at any branch of the Company's bankers for the time being in Canada; if a part only of the First Preference Shares of such series represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice the First Preference Shares of such series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any First Preference Shares of any series as aforesaid to deposit the redemption price of the First Preference Shares of such series so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice, to be

paid without interest to or to the order of the respective holders of the First Preference Shares of such series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same; upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the First Preference Shares of such series in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company;

- (1) The holders of First Preference Shares shall be entitled to receive copies of the financial statements of the Company and the auditors' report thereon to be submitted to the shareholders of the Company at annual meetings but the holders of First Preference Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay in the aggregate six (6) quarterly dividends on the First Preference Shares of any one (1) series on the dates on which the same should be paid according to the terms thereof and unless and until six (6) quarterly dividends on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter but only so long as any dividends on the First Preference Shares of any series remain in arrears the holders of First Preference Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each First Preference Share held and in addition shall be entitled, voting separately and exclusively as a class, to elect two (2) members of the board of directors of the Company if the board consists of seven (7) or fewer directors or three (3) members of the board of directors if the board consists of more than seven (7) directors; nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors;

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of First Preference Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than twenty (20) days' written notice and which shall be called by the secretary of the Company upon the written request of the holders of record of at least one-tenth ( $1/10$ ) of the outstanding First Preference Shares; in default of the calling of such general meeting by the secretary within ten (10) days after the making of such request, such meeting may be called by any holder of record of First Preference Shares;

Any vacancy or vacancies occurring among members of the board elected by the holders of First Preference Shares, voting separately and exclusively as a class, in accordance with the foregoing provisions, may be filled by the board of directors with the consent and approval of the remaining director or directors elected by the holders of First Preference Shares, voting separately and exclusively as a class, but if there be no such remaining director or directors the board may elect or appoint sufficient holders of First Preference Shares to fill the vacancy or vacancies; whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least one-tenth ( $1/10$ ) of the outstanding First Preference Shares shall have the right to require the secretary of the Company to call a meeting



of the holders of First Preference Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with the respect to the calling of any such meeting;

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the said right to elect directors, the term of office of the directors elected or appointed to represent the holders of First Preference Shares exclusively shall forthwith terminate and (ii) the holding of one (1) First Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of First Preference Shares exclusively; and

- (m) The authorization required by subsection 4 of section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the First Preference Shares as a class or to create preference shares ranking in priority to or on a parity with the First Preference Shares may be given by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the First Preference Shares duly called for that purpose and held upon at least twenty-one (21) days' notice at which the holders of a majority of the outstanding First Preference Shares are present or represented by proxy; if at any such meeting the holders of a majority of the outstanding First Preference Shares are not present or represented by proxy within one-half (1/2) an hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the chairman and not less than ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of First Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast at such adjourned meeting shall constitute the authorization of the holders of the First Preference Shares referred to above; the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting or adjourned meeting every holder of First Preference Shares shall be entitled to one (1) vote in respect of each First Preference Share held.

#### **Provisions attaching to the 7% Cumulative Redeemable First Preference Shares Series A**

The 7% Cumulative Redeemable First Preference Shares Series A (the "First Preference Shares Series A"), in addition to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the First Preference Shares as a class, have attached thereto preferences, rights, conditions, restrictions, limitations and prohibitions substantially as hereinafter set forth, that is to say:

(1) The rate of the fixed cumulative preferential cash dividends on the First Preference Shares Series A shall be seven per cent (7%) per annum and such dividends shall be payable in quarterly instalments on the thirtieth (30th) days of January, April, July and October in each year on the amount from time to time paid up on such shares;

(2) So long as any of the First Preference Shares Series A are outstanding, the Company shall, subject to the provisions of clause (h) of the preferences, rights, conditions, restrictions, limitations and prohibitions (the "conditions") attaching to the First Preference Shares as a class, retire, either by purchase for cancellation or redemption in accordance with clauses (i) and (j) of the conditions attaching to the First Preference Shares as a class, during each of the years ending on January 30 in 1971 to 1980 inclusive an aggregate of 23,000 First Preference Shares Series A; provided that notwithstanding anything



contained in this clause, any First Preference Shares Series A purchased in accordance with the provisions of the said clause (i) or redeemed in accordance with the provisions of clause (j) of the conditions attaching to the First Preference Shares as a class shall, notwithstanding their cancellation, constitute a credit of a number of shares equal to the number of shares so purchased or redeemed, as the case may be, which may at the election of the Company at any time or from time to time be used (to the extent not theretofore used) to reduce the obligation of the Company to retire First Preference Shares Series A in accordance with the provisions of this clause;

(3) So long as any First Preference Shares Series A are outstanding the Company shall not:

- (i) declare or pay any dividends (other than stock dividends in shares of the Company ranking junior to the First Preference Shares Series A) on any of its shares at any time outstanding and ranking junior to the First Preference Shares Series A; or
- (ii) redeem, reduce, purchase or otherwise pay off any of its shares at any time outstanding and ranking junior to the First Preference Shares Series A (except out of the proceeds of an issue of shares ranking junior to the First Preference Shares Series A made at any time after the fifteenth (15th) day of February, 1970, and prior to or contemporaneously with any such redemption, reduction, purchase or payment off);

except to the extent that Consolidated Net Earnings Available for Dividends for any period of twelve (12) consecutive calendar months out of the period of eighteen (18) calendar months next preceding the date of such action exceed an amount equal to the aggregate of:

- (a) two (2) times the maximum dividend requirements in the fiscal year in which such action is taken on all the First Preference Shares of the Company outstanding at the time such action is taken; and
- (b) the maximum amount which may be required to be paid during the year ending on January 30 in which such action is taken to meet the mandatory retirement obligation imposed upon the Company by clause (2) hereof for such year after making allowance for any credit available at the election of the Company to be used to reduce such obligation in respect of First Preference Shares Series A previously purchased for cancellation or redeemed and not theretofore used as a credit to reduce such obligation; and

unless, immediately after giving effect to such action, the Common Shareholders' Equity is at least equal to the aggregate par value of the First Preference Shares then outstanding;

"Consolidated Net Earnings Available for Dividends" as used herein means all the gross earnings and income of the Company and all its subsidiaries (if any) from all sources, less all administrative, selling and operating charges and expenses of every character of the Company and all its subsidiaries (excluding gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting principles; without limitation of the generality of the foregoing, operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are chargeable to capital account in accordance with generally accepted accounting principles), rentals, licences, taxes (including taxes on income) and all interest and such allowances for bad and doubtful debts as the directors in their discretion, with the approval of the Company's auditors, may determine and, in addition to actual expenditures for maintenance, reasonable provisions for depreciation as the directors, with the approval of the Company's auditors, may determine; taxes on income shall, for the purposes of this definition, be determined by giving effect to such charges or credits to income or taxes on income in respect of deferred taxes on income as the directors with the approval of the Company's auditors may determine; the net earnings of any subsidiary company for the purpose of this definition shall include only such part of the net earnings of such subsidiary calculated as aforesaid as under generally accepted accounting principles is applicable to those shares of such subsidiary which are held by the Company or any other subsidiary; if, at the time of determining Consolidated Net Earnings Available for Dividends for any past period in connection with a proposed issue of First Preference Shares, the Company or any subsidiary has acquired, is in the process of acquiring, or proposes to acquire, any property or any shares of any other company (sufficient with any shares of such other company already owned by the Company or a subsidiary to result in such other company becoming a subsidiary)

and if the net proceeds of the then proposed issue of First Preference Shares are to be applied directly or indirectly towards the cost of or in reimbursement of the cost of the acquisition of such property or shares (as to all of which a resolution of the directors shall be conclusive and binding) then the net earnings or net losses of such property or such other company (calculated in accordance with the provisions herein contained respecting Consolidated Net Earnings Available for Dividends) for the whole of the period for which Consolidated Net Earnings Available for Dividends are to be computed shall, if in the opinion of the Company's auditors the Company has access to data sufficient to enable such auditors to determine such net earnings or net losses, be treated as net earnings or net losses, as the case may be, in the computation of Consolidated Net Earnings Available for Dividends;

"Subsidiary company" or "subsidiary" as used herein means any corporation or company of which more than fifty per cent (50%) of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect at least a majority of the board of directors of such corporation or company) are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a subsidiary;

For the purposes of this clause (3) and of clause (4) and subject to the foregoing provisions hereof, the directors of the Company may from time to time determine the Consolidated Net Earnings Available for Dividends and/or Common Shareholders' Equity as of a date not more than one hundred and twenty (120) days prior to the making of such determination and may determine such Consolidated Net Earnings Available for Dividends and/or Common Shareholders' Equity to be not less than a stated amount without determining the exact amount thereof; in making any such determination the directors shall consider and may rely on the last available audited consolidated balance sheet of the Company and its subsidiaries and/or the last available audited balance sheet of the Company reported on by the Company's auditors and may consider and rely on the last available unaudited consolidated balance sheet of the Company and its subsidiaries and/or the last available unaudited balance sheet of the Company prepared by the accounting officers of the Company and upon any other financial statement, report or other data which they may consider reliable provided that the directors shall not make any such determination on the basis of any such balance sheet, statement, report or other data if to their knowledge any event has happened which would materially and adversely affect such Consolidated Net Earnings Available for Dividends and/or Common Shareholders' Equity as determined on such basis; upon any such determination having been made by the directors under the provisions hereof the Consolidated Net Earnings Available for Dividends and/or Common Shareholders' Equity of the Company and its subsidiaries as at any date within a period of one hundred and twenty (120) days following the date as of which such determination is made (unless any further determination of such Consolidated Net Earnings Available for Dividends and/or Common Shareholders' Equity is so made within the said period) shall be conclusively deemed to be not less than the amount stated in such determination and such determination shall be conclusive and binding on the Company and the holders of shares of every class;

"Common Shareholders' Equity" as used herein means at any given time an amount equal to the aggregate of retained earnings or deficit and contributed surplus of the Company and its subsidiaries and the amount paid up on issued and outstanding Common Shares of the Company, arrived at on a consolidated basis in accordance with generally accepted accounting principles;

(4) The Company shall not issue any First Preference Shares in excess of the Two Hundred and Thirty Thousand (230,000) First Preference Shares Series A without the prior approval of the holders of the First Preference Shares Series A given as hereinafter specified unless the Consolidated Net Earnings Available for Dividends for any twelve (12) consecutive calendar months out of the eighteen (18) calendar months next preceding the date of issuance of any such First Preference Shares shall have been at least equal to two (2) times the annual dividend requirements on all the First Preference Shares to be outstanding immediately after such issue; provided that the foregoing provisions of this clause (4) shall not apply to prevent the Company from issuing up to an aggregate of 125,000 additional First Preference Shares at any time or times prior to January 30, 1973;

(5) Upon any redemption of First Preference Shares Series A (otherwise than for the purpose of satisfying the compulsory retirement obligation imposed upon the Company by clause (2) hereof for

the year ending on the thirtieth (30th) day of January following the date on which such redemption takes place) a premium of One dollar (\$1) per share shall be payable by the Company;

(6) No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the First Preference Shares without the prior approval of the holders of the First Preference Shares Series A given as hereinafter specified nor shall the authorized amount of First Preference Shares be increased without such approval; provided that nothing in this clause (6) contained shall prevent the Company from issuing additional series of presently authorized First Preference Shares without such approval;

(7) The provisions contained in clauses numbered (1) to (8) both inclusive (including this clause) and clauses lettered (a) to (m) both inclusive of the conditions attaching to the First Preference Shares as a class or any of them may be deleted, varied, modified, amended or amplified by Supplementary Letters Patent but only with the prior approval of the holders of the First Preference Shares Series A given as hereinafter specified, in addition to any vote or authorization required by The Corporations Act; and

(8) The approval of holders of the First Preference Shares Series A with respect to any and all matters referred to herein (in addition to or as distinct from any vote or authorization required by The Corporations Act) and any authorization required by subsection (4) of section 33 of The Corporations Act may be given by resolution as provided, mutatis mutandis, in clause (m) of the conditions attaching to the First Preference Shares as a class.











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# **Maclean-Hunter Cable TV Limited**

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**\$7,500,000 9% Sinking Fund Debentures  
Series A due January 30, 1980**

and

**375,000 Common Shares  
(with a par value of \$1 each)**

**Offered in Units each consisting of a  
\$1,000 Debenture and 50 Common Shares**

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**230,000 7% Cumulative Redeemable  
First Preference Shares Series A  
(with a par value of \$20 each)**

and

**230,000 Common Shares  
(with a par value of \$1 each)**

**Offered in Units each consisting of 1 Preference  
Share and 1 Common Share**

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## **PROSPECTUS**

**Dated January 15, 1970**

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